

PEOPLE  
The Hit (Miss) Parade  
If you were wondering who the most popular people in the world are, the answer is in the parade. The parade is a celebration of the people who have made the world a better place. It is a celebration of the people who have made the world a better place. It is a celebration of the people who have made the world a better place.

The Global Newspaper  
Edited and Published  
in Paris  
Printed simultaneously in Paris,  
London, Zurich, Hong Kong,  
Singapore, The Hague, Marseille,  
New York, Rome, Tokyo, Frankfurt.

# INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post  
PARIS, THURSDAY, FEBRUARY 8, 1990

ESTABLISHED 1887  
No. 33,266 6/90

## Soviet Communist Party Relinquishes Its Monopoly, a Victory for Gorbachev

By Michael Dobbs  
Washington Post Service  
MOSCOW — Moving away from 72 years of one-party rule, Soviet Communist Party leaders voted Wednesday to give up their constitutionally guaranteed monopoly on power and called for the creation of a presidential system of government.

At a press conference at the end of a stormy three-day meeting of the party Central Committee, senior aides to President Mikhail S. Gorbachev hailed the decision as an important turning point for the Soviet Union.

But they also suggested that the transition to Western-style multiparty democracy would be slow and complex, with legal restrictions on the formation of new political parties.

"We have taken a step of exceptional magnitude," said Alexander N. Yakovlev of the Politburo, who was a key member of the team that drafted a proposed new constitution last week.

"This shows that our party is undergoing changes of historic proportions. Power is being transferred from the party to the Soviet," he said, using the Russian word for directly elected government organs.

Mr. Yakovlev said that the party leadership would propose changes to Article 6 of the Soviet Constitution, which describes the Communist Party as "the leading and guiding force of Soviet society and the nucleus of its political system."

Central Committee. While Mr. Gorbachev has succeeded in ridding the committee of a proportion of its old-guard figures, he has been unable to bring in new members since the last congress, in 1986.

And in a move that could strengthen Mr. Gorbachev's political position further, the plenum also called for the creation of a new post: a directly elected president with broad executive powers.

At present Mr. Gorbachev's title as president derives from his role as chairman of the Supreme Soviet, the standing legislature. He added that post to his position as leader of the Communist Party in July 1988.

The draft party platform was approved nearly unanimously. Participants said that the only Central Committee member to vote against it was Boris N. Yeltsin, the former Moscow Communist Party chief.

One participant, Dr. Svyatoslav Fyodorov, a leading eye surgeon, summed up the session's results after the vote. "Article 6 will no longer be there," he said. "There will be a multiparty system. There will be a normal democracy."

Except for a few months after the 1917 Bolshevik Revolution, the Communist Party has been the only legal political party in the Soviet Union. A rival leftist party, the Socialist

Revolutionaries, left the government in March 1918 and was disbanded six months later during what became called the period of "Red Terror."

Rival political parties have begun to emerge over the last few years as a result of the more liberal political climate permitted by Mr. Gorbachev since he came to power in March 1985. But the new parties lack the organizational structure of the Communist Party, which is represented in every factory and state institution, and have so far operated on the margins of Soviet politics.

An exception is the northern Baltic republics, where Social Democrats have emerged as a major political force over the last few months, as rank-and-file Communists desert the ruling party in droves. One Soviet academic, Boris Orlov, expects the Baltic Social Democrats to win 50 percent of the vote in republican elections scheduled for next month.

The plenum saw angry exchanges between progressives and conservatives, with some speakers accusing Mr. Gorbachev of leading the country to the brink of disaster.

But while the Central Committee members differed sharply on attributing blame for the present crisis, there was general consensus that the Communist Party was obliged to remodel

itself radically if it hoped to remain the dominant political force in Soviet society.

Assertions by hard-liners in the Central Committee that the Soviet Union was on the verge of catastrophe were rejected by Mr. Yakovlev, a key Gorbachev aide who was responsible for drafting much of the party program. But Mr. Yakovlev told the plenum that a crisis would certainly erupt "if we act belatedly, limit ourselves to wishy-washy decisions, if we waver or flinch."

Other members of the 12-man Politburo — including Foreign Minister Eduard A. Shevardnadze, the party ideologist, Vadim A. Medvedev, and the KGB chief, General Vladimir A. Kryuchkov — all supported Mr. Gorbachev's proposals.

Speeches at the plenum suggested that the process of developing a multiparty democracy was likely to be slow and tortuous and would probably be combined with attempts to increase the authority of the state. General Kryuchkov, who is regarded as a key Gorbachev ally, called for a new law banning extremist organizations and "those calling for extremist acts."

Referring to the political situation in the country, the KGB chief denounced what he described as the "destructive, antisocialist aims" of opposition political forces. He said that the political spectrum ranged from the radical left to supporters of "openly nationalist, anti-Communist, and even monarchist ideas."

Mr. Gorbachev's supporters rejected assertions by conservatives that the Kremlin was to blame for the ouster of Communist regimes in Eastern Europe. Tass quoted Mr. Shevardnadze as telling the plenum that the hard-line Communist governments of Eastern Europe had been destroyed "by the will of peoples who no longer wished to tolerate coercion."

The Central Committee plenum ended without any changes in the top Soviet leadership.

**Lithuanian Party Condemned**

The plenum ended by condemning the December decision by the Lithuanian Communist Party to split with Moscow, news agencies reported from Moscow.

Admiral Vitali Ivanov of the Baltic Fleet said that the Central Committee denounced the move as "damaging for perestroika, for the Communist Party of the Soviet Union and for Lithuanian people."

The admiral said that the plenum had called on the Lithuanians to suspend their decision until the party congress this summer.

## Bonn Establishes 'Unity Committee'

By Ferdinand Protzman  
New York Times Service  
BONN — The West German government established a "German unity" committee on Wednesday, charged with creating a blueprint for monetary union to rescue East Germany from economic disaster and preparing detailed plans for political reunification of the two German states.

The move came a day after Chancellor Helmut Kohl called for monetary union despite opposition from his nation's powerful central bank. Government officials said they are intended to show the flow of East Germans to the West by convincing them that reunification and economic salvation are imminent realities.

[Mr. Kohl and Foreign Minister Hans-Dietrich Genscher will go to Moscow on Saturday for talks with the Soviet leader, Mikhail S. Gorbachev, The Associated Press reported from Berlin.]

[The chief West German government spokesman, Hans Klein, said Mr. Kohl also would go to Camp David, Maryland, on Feb. 24 to discuss German unity with President George Bush.]

[In Moscow, the Soviet foreign minister, Eduard A. Shevardnadze, said Wednesday that Moscow was willing to discuss with Bonn a West German proposal for creating a united Germany that would be a member of NATO, Reuters reported.]

[Asked for his reaction to a proposal made last week by Mr. Genscher that a united Germany be part of the Western alliance but that NATO troops not be deployed in former East German territory, Mr. Shevardnadze said: "Generally, I must say that Mr. Genscher has many reasonable, sensible ideas. We will discuss it with him."]

The new "unity" committee, of



Volga limousines parked outside the Kremlin walls Wednesday while passengers attended the Central Committee meeting.

## German Money Union: Making the Key Fit

By Richard E. Smith  
International Herald Tribune  
FRANKFURT — Currency union, a phrase which only weeks ago was in vogue in East Germany and highly controversial in West Germany, is suddenly being celebrated nearly everywhere as the key to reunification.

It may not be a perfect solution and in fact would be quite messy, with serious risks of inflation and higher taxes, analysts and monetary experts say.

But they say it stands a good chance of being adopted, because there are no other obvious ways to try and convince disillusioned East Germans that they may not have to go to West Germany to improve their standard of living.

"There is no miracle cure, but this offers the best prospect for the reconstruction of the East German economy," said Brendan Brown, chief economist at Mitsubishi Finance International in London.

Chancellor Helmut Kohl, with an eye toward the nearly 70,000 East Germans who have fled to

## Baker Expects a Counteroffer on Troops

By Thomas L. Friedman  
New York Times Service  
MOSCOW — The U.S. secretary of state, James A. Baker 3d, said Wednesday that he would not be surprised if President Mikhail S. Gorbachev proposed reducing U.S. and Soviet troops in Europe to even deeper levels than those suggested last week by President George Bush.

But Mr. Baker made it clear that Washington was not inviting such a proposal because the administration did not want to reduce troop levels any further for the moment.

Ironically, just as Mr. Baker was cautioning Moscow not to start a bidding war over troop reductions in Europe, the Communist daily, Izvestia, was warning the secretary of state not to try to take advantage of Mr. Gorbachev at a time of domestic turmoil.

Mr. Baker flew from Prague for three days of talks with Eduard A. Shevardnadze and Mr. Gorbachev. The meetings were scheduled two months ago, after Presidents Bush and Gorbachev agreed at Malta to speed up negotiations for completing a treaty limiting long-range nuclear missiles.

But Mr. Baker found his arrival coinciding with the close of a critical gathering of the Communist Party leadership. Mr. Shevardnadze had to leave the meeting while it was still in progress to greet Mr. Baker and go over the agenda for their talks.

Given the party plenum, Baker aides said they had no idea how well the Soviet leadership would be able to focus on the substance of Mr. Baker's visit, which was to include discussions about German unification, new U.S. ideas for resolving the conflict in Afghanistan and ways to advance the conventional arms negotiations in Vienna.

On the flight to Moscow, Mr. Baker said he expected an answer from the Soviet leadership to Mr. Bush's proposal that both countries reduce their troop levels in Central Europe to 195,000 — a cut of about 60,000 U.S. troops and 370,000 for the Soviet union.

Asked whether Mr. Gorbachev might try to press for even lower mutual reductions, especially in view of the fact that Poland, Hungary and Czechoslovakia have all indicated that they want Soviet troops out, Mr. Baker said, "I don't know what the Soviets might or might not have in mind. I would only say that I should not be, and will not be, surprised if we see such a proposal. That is not to say that we are inviting one in any way."

"We think that the president's proposal is the right one, that it stands on its own two feet and represents what should be the state of play at this time."

But if Mr. Baker was worried about being upstaged by Mr. Gorbachev, it appeared that Soviet leaders were no less worried about what the Americans might have been carrying in

## Skeptical Moscow: 'Pluralism, Here?'

By Esther B. Fein  
New York Times Service  
MOSCOW — On the day the Communist Party leadership voted with near unanimity to forswear the political monopoly that their party has held for more than 70 years, Red Square was devoid of anxious interested citizens waiting for a sign of democracy to rise from behind the towering brick walls of the Kremlin.

There were none of the crowds that swarmed outside government buildings in Czechoslovakia and Poland and East Germany, as the chastised leaders within listened to the sounds of reality and voted to end Communist domination. There were no placards, no banners, no hands clasped in unified defiance.

"For what should I stand here and wait?" asked Zinaida Zaslavskaya, a bakery worker from the northern outskirts, as she trudged across the cobbled square at dusk. "You think this pluralism is going to be somehow visible today, or tomorrow, or anytime soon? You think this is Eastern Europe? I can tell you, it is not."

She shrugged at the imposing Spasskaya Tower, at the uniformed guards saluting the black limousines whizzing out the gate, their backseats comfortably filled by the very people who had voted away their own guarantee of power.

"There is nobody in this country, nobody, who has ever experienced true democracy," said Mrs. Zaslavskaya, offering an opinion that seemed widely shared. "Not those powerful men inside and not any of us out here. This country has always been ruled by a dictator of some sort, and now the dictator is telling us there will be democracy. Maybe there will be, but if people believed it would be soon, they would be here right now. And you don't see anybody, do you?"

On Sunday, tens of thousands of people marched through Moscow to the edge of the Kremlin, giving unexpected voice to a variety of fears, concerns and demands, including a call for the Communist Party to relinquish its hold. That rally was sponsored by an array of organizations, with goals as diverse as monarchism and anarchism, united only, it seemed, by the desire to change the status quo.

But Wednesday, the only people walking about Red Square were tourists who had come to ogle the domes of St. Basil's Cathedral and to watch the stiff soldiers guarding Lenin's tomb, and ordinary Mus-

### Kiosk

#### U.S. Diplomat Is Suspended

WASHINGTON (AP) — Felix S. Bloch, 54, the U.S. diplomat suspected of spying for the Soviet Union, was notified Wednesday that he was being suspended without pay, the State Department said.

The department said it was also proposing the termination of Mr. Bloch's employment. The diplomat, who has been on leave, has 30 days to answer the spy charges. He may also request a hearing.

#### General News

Whoever wins in Japan, the elections augur a new era of political maturity. Page 4.

China's new de facto ambassador tried to reassure Hong Kong on transition. Page 4.

#### Business/Finance

President Mitterrand said most French exporters lack the daring needed to conquer foreign markets. Page 9.

#### Markets

Dow Jones		The Dollar	
Up	33.78	Dollars	1.5685
Down	2,640.09	Pounds	1.9855
		Yen	146.80X
		FF	5.844

### Japan Stung in Huge Gold Coin Scam

By David E. Sanger  
New York Times Service  
TOKYO — Officials at the Bank of Japan and the even more powerful Ministry of Finance here are accustomed to hearing themselves described as the world's most savvy financiers, who make markets quake in deference and fear.

But for the past two days they have been described as dupes, the victims of the biggest counterfeiting scam ever to hit Japan, and one of the largest in the world.

And Wednesday afternoon, acutely embarrassed government officials admitted that Japan's vaults are overflowing with at least \$71 million in gold coins to commemorate Hirohito that no one, not even the central bank that minted the originals, had recognized were fakes.

Whoever pulled off the scheme — the police believe the counterfeit coins were struck in Europe — was not only talented but rich. Each of the counterfeiters is valued at 24 kg gold, just like the originals, and each bears a face value of 100,000 yen, or about \$690 at current exchange rates.

So far Japanese authorities said they had identified 103,000 counterfeit coins, including a cache found in the vault of the Bank of Japan. That means the counterfeiters stamped more than two tons of gold, and then sold them at the enormous premium Japan charges for the coin.

"Frankly speaking, this incident has been a rather big issue within the ministry," Noriyasu Kobayashi, a senior official in the Ministry of Finance's Treasury Division said, as he and his aides scurried to brief a very unhappy group of top officials of the ministry.

On television, another government official was more succinct. "This isn't supposed to happen in Japan," he said.

For several days, the police have been questioning a British coin dealer, whom they identified as Paul Davis, as they attempted to figure out how so many coins made it into Japan undetected. Mr. Davis reportedly said that he bought the coins in Zurich, and shipped them to Japan between the spring of 1988 and last month.

According to investigators, Mr. Davis, who could not be located, described himself as an intermediary and told police he had been led to believe that the coins were genuine and had originally been purchased from Japan by a Midwest government. Japanese police said they were sending a delegation to Europe to check his story.

Adding to the government's embarrassment is the enormous symbolism that Japan attached to the coins when 10 million of them were issued in 1986.

They were the first gold coins struck by Japan in 57 years, and while the government said it was commemorating Hirohito's 60th anniversary on the Chrysanthemum Throne, Japanese said they were commemorating something else: An "age of affluence" in the words of one enthused member of parliament.

Hirohito, known posthumously as Emperor Showa, died in 1926.

See COINS, Page 2

### An Uncharted Route Into Epochal Change

By Barry James  
International Herald Tribune  
With the decision of the Soviet Communist Party leadership to abandon the party's monopoly on power, the Soviet Union appeared Wednesday to be heading back toward the kind of system that Lenin once decided as "bourgeois democracy" — a system with competing parties, meaningful votes and the possibility of kicking out the government.

But Soviet experts disagreed on how long this process might take, some saying it would be swept along by the force of events and others that it would take a long time to adapt the constitution and the laws to the new reality.

Russia's last parliamentary democracy expired under armed guard at 5 A.M. on Jan. 6, 1918. On orders from Lenin, the commander of the guard told the Constituent Assembly, which had just voted against the Bolsheviks by 237 to 138, that it must go home "because the guard is tired."

The deputies were never allowed back into the building, and a demonstration in favor of parliament was dispersed with the loss of many lives.

Since then, the party has held an absolute monopoly of power in what Lenin called a "higher form of the democratic principle."

This monopoly was enshrined in Article 6 of the Soviet Constitution in a revision carried out under Leonid I. Brezhnev in 1977.

Article 6 stated that "the leading and guiding force of Soviet society and the nucleus of its political system is the Communist Party of the Soviet Union."

See RULE, Page 3



# Eagleburger Urges Congress To Be More Tolerant on China

By Robert Pear

WASHINGTON — Deputy Secretary of State Lawrence S. Eagleburger urged Congress on Wednesday to take a more tolerant view of China, saying it was "less completely evil" than it seemed in June, when the army crushed the democracy movement in Beijing.

"China is not a benign society from top to bottom," he told the Senate Foreign Relations Committee, in the administration's most comprehensive defense of its policy toward China. "The forces favoring reform have not disappeared."

The mood of many senators was expressed by Jesse Helms, Republican of North Carolina, who described the Chinese leaders as "gangsters" and said: "There are many evil regimes in the world today, but none more deserving to be overthrown by its people than the one in Beijing."

Senators Gordon Humphrey, Republican of New Hampshire, and Paul S. Sarbanes, Democrat of Maryland, said Mr. Bush seemed so afraid of offending Chinese leaders that he seemed to treat China as a client state.

Members of Congress from both parties expressed dismay at the possibility that the U.S. response to China might embolden hard-liners in Moscow to believe that they could crack down on dissidents, as

the Beijing did, without paying a long-term price in relations with Washington.

[In Beijing, news agencies reported that the Communist Party released a document calling for increased cooperation with eight small non-Communist parties in what some saw as a response to recent events in Eastern Europe.]

Mr. Eagleburger said he believed that "the steep decline in U.S.-China relations has been arrested."

He and Mr. Bush's national security adviser, Brent Scowcroft, visited China in July and December. On the first trip, he said, "we firmly communicated that the United States does not condone the appalling violence used to suppress the peaceful demonstrations, nor do we condone the repression that has followed."

Mr. Eagleburger acknowledged that repression continued in China after the first visit. On the second trip, he recalled, he and Mr. Scowcroft told Chinese leaders "how they could improve their relations with the United States." The results have been "favorable," he said, noting that China had lifted martial law in Beijing and released 573 people from detention.

In response to questions, however, Mr. Eagleburger said there was no reason to expect that martial law would be lifted in Tibet. He said he could not immediately con-

firm reports that China would tighten restrictions on young people planning to study abroad, so as to require them to work for at least five years before going abroad.

But if China enforced such restrictions on overseas study, he said, that would represent "a serious step backward."

## Gesture to Other Parties

The Communist Party released a document on Wednesday calling for increased cooperation with eight small non-Communist parties while asserting that China always would be under Communist rule, news agencies reported from Beijing.

The lengthy document underlining Communist determination to maintain absolute authority while giving some non-Communist higher government posts was released by the official Xinhua press agency. The document was issued internally on Dec. 30, the agency said.

The Chinese leadership has watched with concern the developments of the past few months in Eastern Europe. Some analysts have said that Chinese leaders hope to prevent a viable opposition from forming in their own country by appearing to give the eight officially sanctioned non-Communist parties more influence in policy.

(AP, Reuters)



MOSCOW MEETING — James A. Baker 3d, right, the U.S. secretary of state, being welcomed Wednesday in Moscow by First Deputy Foreign Minister Alexander A. Bessmertnykh.

## GERMANY: Bonn Establishes a 'Unity Committee'

(Continued from page 1)

which Mr. Kohl is to be chairman, was set up in the context of the chancellor's 10-point plan for creating a federative structure leading to eventual reunification. It met for the first time Wednesday afternoon.

"The 10-point plan is our starting point," said a senior government official. "But the committee goes beyond it in some areas, such as currency union. It must be clear that the time of merely formal, superficial contacts without contents is over."

At a cabinet meeting where the proposal for seeking immediate negotiations with East Germany on monetary union was approved and the unity committee was formed, Mr. Kohl said that recent events made rapid action necessary.

Prime Minister Hans Modrow of East Germany "recognized that the prospect of national unity must not be ruled out and under the pressure

of events adopted this objective," Mr. Kohl added.

After meeting with Mikhail S. Gorbachev, the Soviet leader, in Moscow on Jan. 30, Mr. Modrow presented his own plan for a united but neutral Germany. West Germany has rejected this plan because of the insistence on neutrality.

But the unrelenting daily surge of more than 2,000 East German emigrants into West Germany has added urgency to the plans for creating a currency union in which East Germany would virtually give up economic sovereignty by surrendering control of its monetary policy to the Bundesbank.

West Germany's independent central bank, adopting the Deutsche mark as its currency. Such a step would be tantamount to economic reunification on West German terms.

"This will mean that East Germany must partially relinquish sovereignty in this area, subjugating its policy to the Bundesbank," Finance Minister Theo Waigel of West Germany said. He played down any difference of opinion with the Bundesbank.

There is growing speculation that Mr. Kohl and Mr. Modrow will announce some agreement on currency union when they meet in Bonn next week, rather than waiting until after East Germany's first free elections are held on March 18. Mr. Kohl hinted at that possibility at the cabinet meeting.

Deputy Prime Minister Lothar de Maiziere of East Germany greeted the call for talks on currency union as a signal encouraging East Germans not to emigrate.

"The proposal is suited to give signals for people to stay here," said Mr. de Maiziere, head of the Christian Democratic Union of East Germany, one of the parties in Mr. Modrow's coalition government.

He added that the consequences for East Germany's economic sovereignty as well as for its citizens' savings should be weighed seriously. Mr. de Maiziere said there were negative aspects in arguments for and against currency union, but concluded that "taking a hesitant attitude would be more dangerous."

## WORLD BRIEFS

### 2 Kashmiris Die as Troops Open Fire

SRINAGAR, India (AP) — Paramilitary troops shot and killed two persons here Wednesday after Muslim militants bombed a shopping complex and attacked a downtown police bunker with grenades, witnesses said.

The militants seek the secession of the Kashmir Valley from Hindu-dominated India. Srinagar is the region's largest city and the summer capital of the predominantly Muslim state of Jammu and Kashmir. At least 79 persons have been killed since authorities began a crackdown on the movement Jan. 20; the latest deaths occurred when soldiers fired on a crowd after militants bombed the three-story shopping complex.

The campaign for an independent Kashmir is four decades old, but has flared in recent months. The valley is claimed by both India and Pakistan, and New Delhi has accused Islamabad of fomenting the trouble. Pakistan routinely denies that, but says the Kashmiris have a right to self-determination.

### 10,000 Homeless in Western Samoa

AUCKLAND, New Zealand (Reuters) — A cyclone that struck Western Samoa has left 10,000 people homeless, and there are shortages of food, water and medical supplies in the South Pacific island nation, a Western Samoa Foreign Ministry official said.

The cyclone came ashore on Feb. 1, washing away homes, bridges and roads. It also disrupted communications, and news of the devastation is only now beginning to reach the outside world. A resident of the capital, Apia, said the storm was accompanied by waves nearly 15 meters (50 feet) high that continued to pound the coast for two days.

The official death toll in Western Samoa is three, but it could rise as communications, completely cut on the western island of Savai'i, are restored. The cyclone, designated Ota, also struck Tonga's islands of Nukunono, Nukunono and Tafahi. They have been declared disaster areas.

### Bulgaria Communists Lose Partners

SOFIA (UPI) — The Bulgarian Agrarian Party, a subservient ally to the Communists for more than four decades, announced Wednesday it was pulling out of the coalition that has ruled the country since 1948. The announcement came less than 24 hours before the prime minister, Andrei Lukanov, was due to present his list of cabinet nominees, presumably including Agrarian Party members, to the parliament. The Agrarian Party secretary, Angel Dimitrov, said party leaders had unanimously decided not to participate in Mr. Lukanov's government. He said the Agrarians would take part only in a broad-based "government of national consensus" that would include representatives from pro-democracy groups, the official BTA news agency said.

### East Beirut Fighting Cuts Electricity

BEIRUT (AP) — Surgeons operated by candlelight Wednesday and emergency rooms used water boiled on kerosene stoves as fighting between rival Christian forces plunged East Beirut into still more desperate conditions.

In the ninth day of a showdown over control of Lebanon's Christian enclave, Major General Michel Aoun regrouped his army troops for a major assault to dislodge Samir Geagea's Lebanese Forces militia from its besieged strongholds.

General Aoun vowed Wednesday to fight to the finish unless the Lebanese Forces renounced an Arab-backed peace plan for Lebanon. Mr. Geagea pleaded with President Francois Mitterrand of France "to act swiftly to arrange an immediate halt to the hysterical killing," which has claimed about 365 lives and wounded 1,682, by police count.

### 4th Front Member Quits in Romania

BUCHAREST (Combined Dispatches) — The Romanian tourism minister became the fourth member of the governing National Salvation Front to resign Wednesday, accusing the new leadership of using "dictatorial methods" reminiscent of the previous Communist regime.

The minister, Major Mihail Lupu, 56, who played a central role in the December revolution, said in an interview that he was resigning from the military. His resignation from the Front follows the departure of Silviu Brucan, the body's foreign policy expert, Aurel Munteanu, its spokesman, and the interim vice president, Dumitru Mazilu.

In another development, a senior Romanian police officer awaiting trial for disposing of bodies and attempting to suppress the revolution committed suicide, the newspaper Romania Libera reported Wednesday. Colonel Petre Moraru had been accused of burning the corpses of at least 40 people killed in Timisoara. (AP, Reuters)

### Haiti Releases 4 Opposition Leaders

PORT-AU-PRINCE, Haiti (AP) — The government on Wednesday released four opposition leaders who have been jailed since last year. Jean-Auguste Meyeux, Evans Paul, Marino Etienne and Francis Patrice Beauchard were described as badly injured from beatings.

Press releases from their organizations said the three were in critical condition. They reported that Mr. Paul may remain paralyzed on one side of his body, that Mr. Etienne may lose his right eye and has a burst eardrum and Mr. Meyeux suffers from back pain and has problems walking from pain on the bottom of his feet. During their imprisonment they went on 27-day hunger strikes.

Mr. Meyeux, Mr. Paul and Mr. Etienne were arrested Nov. 1, allegedly in possession of arms and explosives, and accused of plotting to assassinate the president, Lieutenant General Prosper Avril. They had labor and radical anti-government groups. Mr. Beauchard was arrested Dec. 13 and accused of conspiring with the three. He was kicked and pistol-whipped by arresting soldiers.

## TRAVEL UPDATE

### Italian Customs Snarls Alpine Traffic

AOSTA, Italy (Reuters) — Thousands of trucks were blocked at major border crossings with France and Austria on Wednesday as Italian customs officers refused to work overtime, police said. Customs personnel were angry at delays in implementing salary increases.

The Mont Blanc Tunnel was closed to heavy vehicles, with 1,500 trucks reportedly stranded 10 kilometers (six miles) into Italy and 500 blocked on the French side. Cars were able to cross after long delays.

The Brenner Pass was also congested. A seven-kilometer line of trucks formed on the Austrian side, and about 800 more were waiting to clear customs, police said.

Hong Kong is to build one of the world's longest suspension bridges, the colony's government said on Wednesday. With a central span of 4,635 feet (1,415 meters), it will be one of two suspension bridges that are part of a 15-year project to build an international airport on an outlying island at a total cost of \$1.63 billion.

Paris is to get 600 more taxis over the next three years after complaints from tourists that taxis are far scarcer than in other capitals, the government said Wednesday. Only 14,600 taxis currently serve a population of 6 million in Paris and the inner suburbs, the result of a quota in effect since 1967. (AP)

## WEATHER

EUROPE				ASIA			
	HIGH	LOW	PRECIP.		HIGH	LOW	PRECIP.
Amsterdam	12	5	0	Saigon	85	75	0
Antwerp	11	4	0	Seoul	65	55	0
Berlin	10	3	0	Singapore	85	75	0
Bombay	85	75	0	Taipei	65	55	0
Buenos Aires	75	65	0	Tokyo	65	55	0
Calcutta	85	75	0				
Cairo	75	65	0				
Cardiff	10	3	0				
Chennai	85	75	0				
Copenhagen	10	3	0				
Dublin	10	3	0				
Hankow	85	75	0				
Hong Kong	85	75	0				
Kobe	65	55	0				
London	10	3	0				
Lyons	10	3	0				
Manila	85	75	0				
Medan	85	75	0				
Moscow	10	3	0				
Odessa	10	3	0				
Osaka	65	55	0				
Paris	10	3	0				
Perth	75	65	0				
Rangoon	85	75	0				
San Francisco	65	55	0				
Singapore	85	75	0				
Sourabaya	85	75	0				
Taipei	65	55	0				
Tokyo	65	55	0				
Yokohama	65	55	0				

THURSDAY'S FORECAST — CHANNING: Very cloudy; FRANKFURT: Rain; TAIPEI: 12-18 (21-28); NEW YORK: Showers; TOKYO: 65-75 (19-23); SINGAPORE: 85-75 (29-27); HONG KONG: 85-75 (29-27); MANILA: 85-75 (29-27); BANGKOK: 85-75 (29-27); JAKARTA: 85-75 (29-27); SOERABAYA: 85-75 (29-27); CEBU: 85-75 (29-27); CALCUTTA: 85-75 (29-27); COCHIN: 85-75 (29-27); RANGOON: 85-75 (29-27); BOMBAY: 85-75 (29-27); DELHI: 85-75 (29-27); KARACHI: 85-75 (29-27); LAHORE: 85-75 (29-27); MUMBAI: 85-75 (29-27); PUNE: 85-75 (29-27); RAIPUR: 85-75 (29-27); SHIMLA: 85-75 (29-27); TIRUPATI: 85-75 (29-27); VADODRA: 85-75 (29-27); VIJAYAWADA: 85-75 (29-27); ZOLINGH: 85-75 (29-27).

## The Central Committee Debate

Following are excerpts from speeches this week at the Communist Party Central Committee meeting in Moscow, as translated by The Washington Post from a transcript in Pravda:

### Nikolai I. Ryzhkov Prime Minister

We are obliged to answer questions that just a few years ago would have seemed simply unthinkable. Will the CPSU remain a ruling party, the political avant-garde of the people? Or will it give up this role? Will we have a multiparty system or won't we? Will the CPSU remain firmly committed to Communist principles or will it move in the direction of social democracy? I think it is already late to ask whether we need a multiparty system or not. In fact, it already exists. Whatever the motives of different sociopolitical movements, this idea is finding ever greater resonance, primarily because of the growing economic discontent in society and the social and political situation that has created mistrust among a section of the population about our party's ability to normalize the situation and implement its plans.

In such conditions, the party in its platform must clearly express its opinion and define its position toward this extremely topical question, which could change the entire course of historical development of our society.

In my opinion, we must find ways of working and living together with other sociopolitical formations. The earlier we do so, the better it will be for the party, for the entire people.

### Vladimir Brovnikov Ambassador to Poland

Lately we've come to value the opinion of the West more than our own opinions. Let George Bush be; why are we always trying to prove he's for perestroika?

And what perestroika? The perestroika that in five years has brought the country to an abyss of crisis and has brought it to the point where we are under the sway of anarchy and the economy is in ruins and morale is in crisis? In this situation, to say that people are "for" perestroika is politically indecent. People are against all this and speaking out ever more loudly about it.

This must be why for our leaders it is nicer to meet the smiling crowds in the streets of Western capitals than the gloomy faces of their fellow countrymen.

It has become stylish to say that all the misfortunes of the country come from a damned past. But we have been witnessing for a long time the mistakes not of the Brezhnevian "stagnation" era but

rather the thin gruel of our own perestroika. We have brought the motherland to an awful state, turning it from an empire admired throughout the world to a state with an inglorious present and indefinite future. And all this to the great pleasure of the West, which is praising us and at the same time talking about the collapse of a colossus on clay feet and the death of communism and world socialism. And we try to present that as a success of perestroika.

Nikolai Gubenko Actor, Minister of Culture

People cannot be convinced by appeals or theoretical platforms, but rather only by experience. As the result of dictatorship and dogmatic ideology, the leaders of perestroika have inherited people who have become reconciled with their destiny, people who are used to the fact that they are "fed" with meat from television and "dressed" by ads in the paper.

People are materialistic. And if our platform demands efforts from them, people have a right to say, "Give us a life better than today." And once more the platform makes promises that the shops will be full of food by 1991 and by the year 2000 everyone will have an apartment and the republics will be independent. It is impossible to stay in power by dictatorship, by promises

and compulsion. We can only cause bloodshed that way.

Boris Gidaspov Leningrad party chief

The destabilization of our state of affairs is growing every day. The platform we have considered does not provide us with any rainbow of prospects. The mechanism of executive power is absolutely disassembled. The management of the state is falling fast. Ministries are completely paralyzed. The party is being dislodged from leadership. No political assessment is made of the laws being passed in the legislature. We now have amorphous political structures that are responsible for almost nothing.

Yegor K. Ligachev Politburo member

We must not overlook the greatest danger for perestroika. Life has shown that the greatest, I would even say mortal, danger for perestroika, for the Soviet Union is represented by the powerful forces of nationalist, separatist, and anti-socialist orientation. The most important question of all concerns the ideological and organizational strengthening of party ranks, the strengthening of the links between the CPSU and social organizations and movements formed by workers and youth. I am against the transformation of our party into an amorphous organization, a political club.

## COINS: Japanese Get Stung in Gold Counterfeit Scam

(Continued from page 1)

or Showa, died 13 months ago after a reign of 62 years.

The coins fueled a Japanese gold boom that continues today. Advertisements urging gold purchases can be found on the backseats of taxis, and Japan now consumes roughly half the world's supply of gold.

Unlike the Canadian Maple Leaf, whose price fluctuates with the value of gold, the 20-gram emperor's coin was given a fixed face value, meaning investors could redeem it for 100,000 yen at any time, no matter what happens to the price of gold. The gold content itself, however, was worth only about 40,000 yen, a fact few Japanese knew.

"I don't know whether people who bought the coins knew the real value at the time," Mr. Kobayashi said of the genuine coins. "I don't think we told anyone." When the coins went on sale, Japanese flocked to buy them, and the government gained more than 600 billion yen in income — \$3.7 billion at the time.

But counterfeiters were very aware of the gap, and apparently saw a huge opportunity to make a quick killing. The police suspect that they began minting the coin when the price of gold dropped last year and then made arrangements to redeem the coins in Japan, where banks were accepting them and storing them in their own vaults or the Bank of Japan.

Apparently, thousands of the coins flowed into Japan over the past year. The authorities were not suspicious, because they assumed that the owners of the coins were hoping for quick profits when the yen appreciated.

That ended last month when a coin firm here, Taishi Stamp and Coins Company, tried to deposit 1,000 of the coins at a large Tokyo bank, identified by one investigator as Fuji Bank. The bank officials alerted the police, but not until the past few days, when a law was found that distinguishes the fake from the real, did anyone imagine the scale of the fraud.

## East German Poll Shows Unity Gain

BERLIN — More than three-quarters of East Germans would vote for German reunification in a referendum, according to an opinion poll.

In the poll, conducted by the Central Institute for Youth Research in Leipzig, 76 percent of respondents said they would vote for reunification, up sharply from the 48 percent who said so in a poll conducted by the same organization in November.

The poll also indicated that the East German Social Democratic Party, which has received extensive support from the Social Democrats in the West, would win 54 percent of the vote if elections were held now in East Germany, with the Communist Party a distant second at 12 percent.

SHERIDAN MORLEY IN THE HIT EVERY WEDNESDAY

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**DEATH NOTICE**

**CANFIELD M. HIMES**  
Born in Canton, Ohio on July 21, 1917. Died in Aiken, South Carolina, Sunday, after brief illness. A resident of Aiken since 1971. Interment in Washington, D.C. and Cincinatti, Mexico.

Mr. Himes attended Lawrenceville School and Princeton University. During World War II Mr. Himes served with the OSS and was awarded the Bronze Star. Mr. Himes is survived by his sister, Marilyn Himes Riviere. The family requests that in lieu of flowers, donations be sent to Children's Country House Association, 2817 Garfield Street, N.W., Washington, D.C. 20008. A memorial service will be held at a later date to be announced.



## SOVIET COMMUNISTS RELINQUISH LEADING ROLE: The lessons of their allies open new channels and threats.

## Moscow Looks Nervously at East Europe Tumult

By Bill Keller

New York Times Service

MOSCOW — As the leaders of the Soviet Communist Party have labeled over their future course, they have confronted the tumult of Eastern Europe as a lesson and a threat.

Throughout a day of impassioned debate, fears of Eastern Europe surfaced again and again: stark fears that the new shape of Europe, and especially Germany, could menace Soviet security, and

more subtle fears that the Soviet Union may not be immune from similar upheaval.

Vladimir A. Medvedev, the party ideology secretary, said that unless the Communists continued to open democratic channels for the public's discontent, the Soviet Union would go the way of Eastern Europe.

"During the decades of distortions and stagnation, such a critical mass of explosive material has accumulated that further delay could

have resulted in a shock of enormous strength," he said. "Today we can see this clearly in the example of the countries of Eastern Europe."

The ideologist said that to "prevent a catastrophe" in the Soviet Union it was necessary "to transform the impending explosion into a controlled reaction."

Justas Paleckis, a guest representing the Lithuanian Communist Party, said the tone of urgency at the party meeting was heightened by the recent memory of collapsing

Communist governments from East Germany to Romania, and the worry that the Soviet Union may not escape a similar fate.

"Without a doubt, events in Eastern Europe gave a push to the plenum," Mr. Paleckis said.

Foreign Minister Eduard A. Shevardnadze insisted that the demise of communism in Eastern Europe was not the fault of the Soviet leader, Mikhail S. Gorbachev, implicitly acknowledging that some hard-liners think otherwise. "Perestroika should not be

blamed for the destruction of the political structure of Europe," said the foreign minister, one of Mr. Gorbachev's closest confidants in the Politburo.

"It has been destroyed by the will of peoples no longer willing to put up with violence," he said. "The undermining of faith in a socialism based on suppression and violence began in the 1940s, not in 1985."

Mr. Gorbachev came to power in 1985. Mr. Shevardnadze said the leadership favored the coming changes in Eastern Europe and fashioned a policy of noninterference because "it is easier to change our policies than their people."

The old guard and new guard of the Soviet leadership were evenly matched in Tuesday's debate in their horror of German reunification, which Mr. Gorbachev has faced with growing acquiescence.

Yegor K. Ligachev, the Politburo's pillar of orthodoxy, said, "It would be unforgivable shortsightedness and error not to see that a Germany with huge economic and military potential is looming on the world horizon." Observers said his speech was interrupted three times by ovations.

"I think it is the time to recognize this new danger and loudly proclaim it to the party and the people," he added, implying that Mr. Gorbachev had failed to do so.

Mr. Shevardnadze, whose world outlook often seems diametrically opposed to Mr. Ligachev's, agreed. "The ghost of revisionism is roaming Europe," he said, "hand in hand with the ideas of unity and unification."

He added: "The hunger for justice is diluted by the hunger for political revenge. The new status of the German question has raised dangerous hopes for redrawing of borders."

Mr. Gorbachev has been publicly cautious about reunification, stressing primarily his concern about the sanctity of postwar borders — without dwelling on the more visceral fear of a warlike united Germany.

In a meeting last week with Prime Minister Hans Modrow of East Germany, the Soviet leader was described as open to eventual reunification, and Mr. Modrow promptly went home to unveil his own version of a step-by-step German merger.

But the speeches Tuesday, and the answering ovations, were a reminder that the reunification issue touches dark memories in this country, which lost 20 million people to Nazi Germany.



## As Bush Urges Caution, Thatcher Hails Soviets

Compiled by Our Staff From Dispatches

SAN FRANCISCO — President George Bush said Wednesday that the Cold War was "in retreat," but he warned against a reckless and hasty dismantling of U.S. military might.

"The world is simply moving too fast to forecast with certainty what will happen next," Mr. Bush said hours after the Soviet Communist Party leadership endorsed President Mikhail S. Gorbachev's call to end the party's 72-year monopoly on power.

In Britain, Prime Minister Margaret Thatcher hailed the Soviet party's decision to give up its monopoly as "a great decision."

And Israel called the vote "the best news for the world" since World War II ended.

Mr. Bush made no mention of the Soviet party's historic decision in his remarks to San Francisco leaders at the Commonwealth Club, a civic organization. On Tuesday, Mr. Bush said he was "pleased" by the move toward political pluralism, and a White House spokesman said there was nothing further to say.

"Our challenge," he said Wednesday, "is to manage this period of transition from the world of today to the world of tomorrow — and safeguard the security of America in the process."

"When it comes to the security of this country," he added, "I would rather be called cautious than reckless."

In a bow to the relaxation of East-West tensions that has led to

congressional calls for major cuts in defense spending, Mr. Bush said, "Today, the Cold War is in retreat."

"Some would have me predicate the defense of our people on promising, but as yet unfulfilled, hopes for the future," Mr. Bush said. "I will not."

In London, the Soviet party's ideology chief, Vladimir A. Medvedev, stood beside Mrs. Thatcher outside her official residence at 10 Downing Street as she declared that the Communists in Moscow had gone "further than we could ever have thought five years ago."

Mr. Medvedev, a member of the Politburo, flew into London for a six-day visit shortly after the vote in Moscow and said the decision opened "a new page in perestroika," Mr. Gorbachev's restructuring drive.

The nearly unanimous decision, he said, shows that the Community Party and its Central Committee "are full of vigor and want to promote perestroika and deepen it."

Mrs. Thatcher said there was "a lot still to be done," but she praised the move as "a great decision, a great decision."

In Jerusalem, Foreign Minister Moshe Arens said he believed the action signaled that Moscow would eventually restore full relations, severed by the Kremlin over the 1967 Middle East war.

"This is the best news for the world since the end of the Second World War," Mr. Arens said. (Reuters, AP)

## 'Tragedy' Of 1932 Is Cited

Soviet Authorities Disclose a Famine

Reuters

MOSCOW — Soviet authorities have ordered the publication of full details of a disaster they tried to hush up for more than 50 years, the Ukrainian famine of 1932-3 in which Western historians believe 5 million people died.

A resolution of the Ukrainian Communist Party, reported on Wednesday by the official Tass press agency, declared the famine a "national tragedy" and attributed it to Stalin and his "criminal" policies of forced collectivization.

It ordered the party's official historical institute to publish articles this year on the famine together with archive materials that the institute has discovered.

The archives, the resolution said, "give a tragic picture of mass fatalities from hunger and disease, especially from March 1933 onward."

The resolution provided no figures, but a British historian, Robert Conquest, in his book "The Harvest of Sorrow," has put the death toll from the famine at 5 million and the total toll from Stalin's agricultural policies in the 1930s at 14.5 million.

In 1987, the Ukrainian Communist Party leader, Vladimir V. Shcherbitsky, acknowledged that there had been famine in some areas and criticized Stalin's agricultural policies. The Ukrainian party resolution, however, is believed to be the first time that a full public disclosure has been ordered.

It said that "for more than half a century this theme was hushed up in national historiography, which hindered scientific understanding and an objective moral and political assessment of a national tragedy."

The Ukrainian party concurred with Western historians in attributing the famine to forced collectivization that involved dispossession and deporting of millions of peasant farmers.

When grain output fell as a result, the resolution said, the Stalinist leadership raised the quotas of grain that farms were obliged to deliver to the state.

When this failed, the resolution said, thousands of people were arrested for "connivance in peasant sabotage."

## RULE: For the Soviet Union, an Uncharted Route Into Epochal Change

(Continued from page 1)

importance of abolishing the party's leading role, he said. "We knew already that it was going to be abolished," he said. "There was no reason to keep it. Then the conservatives accepted that. It had to go."

In addition, Mr. Tatu said: "This has already happened everywhere else in Eastern Europe, much more quickly than in the Soviet Union. Even the Bulgarians have abolished it."

Mr. Tatu said that although the abolition of the article was "promising, if not spectacular," the prospect of a multiparty system is more exciting.

Mr. Tatu said the process of democratization had slowed down

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## Czechs Blame Soviets For Demonstrations

New York Times Service

PRAGUE — The Czechoslovak Foreign Ministry spokesman, Lubos Dobrovsky, blamed the Soviet Union on Wednesday for demonstrations in Prague and in other cities against the presence of Soviet troops based in Czechoslovakia.

Mr. Dobrovsky was speaking to Czechoslovak journalists in Moscow, where high-level civilian and military delegations opened a second round of negotiations on Wednesday on Czechoslovakia's demand that the forces be withdrawn by the end of the year.

The Soviet Union was reported to have accepted the principle of withdrawal but has said, according to CTK, the Czechoslovak press agency, that housing and other facilities will have to be constructed in the Soviet

Union to receive the troops. According to the Czechoslovak spokesman, a deadline of Dec. 31 gives Moscow enough time to solve the housing problem.

"I think it is especially the Soviet side that bears a share of responsibility for the demonstrations," Mr. Dobrovsky said.

A reminder of the Soviet presence occurred Tuesday, when an ammunition depot exploded in a Soviet training area in Moravia, the Defense Ministry announced. There were no injuries, but windows were blown out of buildings in a nearby village and red dust blanketed the area, CTK said.

CTK reported that Czechoslovak and Soviet experts said the blast had resulted from a gross violation of safety regulations. The Soviet command apologized and offered to pay for damages.

## One 'No' Vote: It's by Yeltsin

Washington Post Service

MOSCOW — Participants at the Soviet party plenum said Wednesday that the only Central Committee member to vote against the draft program to end the party's monopoly on power was Boris N. Yeltsin, a leader of the party's populist wing.

Mr. Yeltsin, the former Moscow Communist Party chief, apparently felt that the program, which envisages a gradual transition to a free-market economy, was not radical enough. There was also one abstention.

## Position Leaders

The government on Wednesday has been jailed since last year. Mariano Enrique and Franz Feld returned from Beijing. They said the three were in custody and remain paralyzed on their backs. They said the three were in custody and remain paralyzed on their backs. They said the three were in custody and remain paralyzed on their backs.

Enrique were arrested Nov. 1, and accused of plotting to overthrow the government. General Prosper Avril, the military leader, said the three were in custody and remain paralyzed on their backs. They said the three were in custody and remain paralyzed on their backs.

## UPDATE

Alpine Traffic: Hundreds of trucks were blocked at the Alpine crossing on Wednesday as heavy snow fell. Customs personnel were working to clear the roads. The snow was so deep that it was impossible to drive. The snow was so deep that it was impossible to drive. The snow was so deep that it was impossible to drive.

World's longest suspension bridge: The world's longest suspension bridge, the Akashi Kaikyo Bridge, opened on Wednesday. The bridge is 1,991 meters long and can carry 10,000 vehicles. The bridge is 1,991 meters long and can carry 10,000 vehicles. The bridge is 1,991 meters long and can carry 10,000 vehicles.

## OTHER

Asia: The Asian Development Bank (ADB) announced that it will provide a \$100 million loan to the Philippines. The loan is for the construction of a new highway. The loan is for the construction of a new highway. The loan is for the construction of a new highway.

Africa: The African Development Bank (AfDB) announced that it will provide a \$50 million loan to the Ivory Coast. The loan is for the construction of a new airport. The loan is for the construction of a new airport. The loan is for the construction of a new airport.

Latin America: The Inter-American Development Bank (IDB) announced that it will provide a \$200 million loan to the Dominican Republic. The loan is for the construction of a new highway. The loan is for the construction of a new highway. The loan is for the construction of a new highway.

North America: The North American Development Bank (NADB) announced that it will provide a \$150 million loan to the United States. The loan is for the construction of a new highway. The loan is for the construction of a new highway. The loan is for the construction of a new highway.

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# Whoever Wins, Japan's Impending Elections Augur New Era of Political Maturity

By Patrick L. Smith  
International Herald Tribune

TOKYO — As Japan braces for its most decisive national elections since the mid-1950s, political analysts, candidates and party officials say that the vote will mark the beginning of a new and more mature era in postwar Japanese politics, regardless of which party wins a majority in the legislature.

The Liberal Democrats are expected to retain their 35-year hold on power by a narrow margin in parliamentary contests on Feb. 18. But structural changes in the political system will probably prevent any quick return to Japan's accustomed calm in the postelection period, according to sources across the political spectrum.

In the short term, they suggest, what is likely to be a protracted political passage for Japan may make the nation's highest officials appear still less decisive in matters of global concern than they have often seemed in the past.

Such a prolonged interim of political flux

would come at an unfortunate moment for Tokyo and its allies. As diplomats have confirmed, for instance, Washington has been waiting for the conclusion of the elections before toughening its stance toward Japan on a range of outstanding trade and economic issues.

But attention this political season is also focused on the longer term. As the Japanese

## NEWS ANALYSIS

system evolves in coming years, politicians and independent analysts believe, the fall of the barriers now inhibiting the nation may be hastened. Barriers are strongest in such areas as trade, market-opening and agriculture.

As recently opened election campaigns have already indicated, the financial scandals and political turmoil of the past two years have lent importance to the individual voice in Japanese society. They have forced the national leader-

ship to accept a degree of political accountability not seen since just after the war.

The elections are likely to begin a process by which the Japanese political map is extensively revised. Constituencies will be redrawn to reduce the intraparty competition that feeds "money politics," analysts assert; major parties will be reshaped; the system will be more genuinely competitive.

By mid-decade, many experts say, voters will probably be able to choose between a party based in the conservative wing of the Liberal Democrats and another made up of the liberal-conservative factions of all major parties now contending for parliamentary seats, with the exception of the Communists.

These changes are viewed widely as irreversible, part of a sweeping political modernization. Throughout the nation, there is a sense this month that a new center of gravity is slowly taking shape among politicians and that a leadership style at once authoritarian and irresponsible is coming to an end.

"Our politicians are always the last to recognize changes in society," said Kyoshi Hanada, a former Liberal Democratic leader who helped shape the postwar system. "Now the power of individual consumers is exploding. For the first time in history, Japanese decision makers have to take account of them."

Forecasters are near-unanimous in the view that the Liberal Democrats will win the 257 seats in the Diet's lower house that they need to control the government. New taxes, the Recruit stock scandal and other issues remain factors against them. But time and the weakness of opposition policies have reduced the Liberal Democrats' liabilities since they lost the upper-house majority in July.

In the worst case, analysts say, the party will be forced to depend more heavily on independent conservatives and smaller parties from which it has traditionally drawn support. Few dispute, however, that the Liberal Democrats will lose much of the unfettered power they exercised after winning a majority of more than

300 seats in general elections four years ago.

What is fundamentally at issue this time is how this relative loss of control will be played out in practice. The most immediate casualty of a more influential opposition, analysts believe, will be Prime Minister Toshiki Kaifu, who is expected to step down within a few months of the elections, after less than a year in office.

Mr. Kaifu will face legislative opponents who are likely to prove even more recalcitrant than they have been in the past. In addition, there are many signs that Mr. Kaifu, who commands no power among Liberal Democratic factions, faces increasing pressure from senior leaders of his party.

Chief among these is Shintaro Abe, the former head of the party, whose involvement in the Recruit scandal foiled his chance to succeed Noboru Takeshita as prime minister last year. Reflecting his revived ambitions, Mr. Abe has sought assiduously to upstage Mr. Kaifu in recent months.

In effect, Mr. Abe has stepped forward as the leader of a resurgent old guard of party leaders, who view the upcoming contests as "a purification ritual," as one commentator put it. Mr. Abe, as would other senior Liberal Democrats competing in the upcoming elections, would like Mr. Kaifu to lead the party to victory, but not by a very wide margin.

How soon will Mr. Kaifu reach what is widely expected to be a fatal political impasse? Some analysts predict that it could come as soon as next month, when the national budget for the fiscal year beginning April 1 — a traditionally contentious issue — is due to be passed. Few expect Mr. Kaifu to survive beyond mid-year.

Mr. Abe would then take power, according to this view. He would either guide the nation back toward its past political habits or take on the challenge of attempting fundamental political change.

## Admiral Warns on Tokyo Base Funding

By Fred Hiatt  
Washington Post Service

YOKOSUKA, Japan — The United States should not press Japan to assume all costs of U.S. forces stationed here because that could give Japan too much say over U.S. operations in the region, the commander of U.S. naval forces in the western Pacific said Wednesday.

Some members of Congress and other analysts have pressed Japan to dramatically increase its support for U.S. forces in Japan in light of the U.S. trade deficit with this country and Japan's much lower defense budget. The subject is likely to be discussed when Defense Secretary Dick Cheney comes here in about two weeks.

Vice Admiral Henry H. Mauz Jr., commander of the U.S. Seventh Fleet, said in an interview at this joint naval base that he would not want Japan to assume all costs for U.S. operations here.

"There's certainly room for some

additional burden-sharing in Japan, but probably at the margins, because they do a great deal as it is," Admiral Mauz said.

Japan last year paid about \$2.4 billion, or 40 percent of the costs associated with keeping 50,000 U.S. troops and equipment here, not counting salaries. To raise that figure substantially and include salaries, Admiral Mauz said, "may in the long run have some impact on our flexibility."

"If Japan pays essentially a very large share of those costs," he said, "and Japan doesn't agree with our course of action elsewhere in the world, which is not inconceivable, there may be some inclination to suggest that the force that Japan is paying for ought to stay closer to Japan."

Admiral Mauz also said he does not want trade conflicts to adversely affect the U.S.-Japan security relationship, which he described as sound.

During the interview, Admiral

Mauz, who commands more than 60 ships patrolling from the mid-Pacific to the east coast of Africa, also said:

• The United States should maintain its current force structure in the Philippines, Japan and Korea, with perhaps "some minor adjustments," despite the relaxation in world tensions.

• U.S. and Soviet navies may exchange port visits this year, with a Soviet ship visiting the West Coast and a U.S. ship calling on the long-secret port of Vladivostok. Such a visit is "a possibility," but planning remains "very preliminary," Admiral Mauz said.

• He supports proposals for Japan's armed forces to purchase tanker planes for in-flight refueling and helicopter carriers. Both systems would be controversial in Japan and with its neighbors, because they could be deemed offensive weapons that could extend Japan's military reach far beyond its borders.

• He doesn't foresee major

changes in the security relationship no matter who wins Japan's election Feb. 18. The opposition Socialists have said they would demand to know whether U.S. ships are carrying nuclear weapons when they visit Japan, something U.S. officials refuse to confirm or deny.

But Admiral Mauz said that "whatever party is in power will look at the realities of the situation," recognize the value of the security alliance and decide "we shouldn't upset it by what amounts to a relatively insignificant issue."

Admiral Mauz said that Soviet forces lately have been staying closer to home and spending less time at sea. But he also said that the Soviet Union continues to modernize its Pacific fleet.

"Clearly today there's less chance for a large-scale East-West conflict or confrontation than there was a few years ago, and that's good," he said. "But if you look at force levels and capabilities, the threat is still potentially there."

## Beijing Aide Tries to Placate Hong Kong

The Associated Press

HONG KONG — China's new de facto ambassador greeted Hong Kong leaders Wednesday with a speech designed to bolster confidence in the British colony that will revert to Chinese rule in 1997.

In his first public appearance since arriving Monday, Zhou Nan, a former deputy foreign minister, acknowledged that China and Britain had clashed over Hong Kong policy.

"Though some difficulties have

emerged recently, I believe that both sides share the desire to have them resolved as soon as possible," Mr. Zhou said, adding he hoped that Britain and China would "continue to cooperate sincerely with each other to strive for a brighter future for Hong Kong."

Mr. Zhou, 62, is the newly appointed head of the Xinhua news agency here, which functions as China's diplomatic mission in Hong Kong. His remarks came at a reception attended by several thousand people.

The colony has been nervous since Chinese Army troops killed hundreds of students in June, using tanks to put down the student movement in Beijing. Britain and China since have been at odds over a number of Hong Kong issues, including the pace of introducing change to the political system.

Many observers regard Beijing's proposals for the post-1997 legislature as not sufficiently democratic. Mr. Zhou's speech was the second signal in as many days that Beijing was interested in improv-

ing relations with Britain. On Tuesday, Prime Minister Li Peng said China viewed relations with Britain as important and that he hoped ties would develop on the basis of equality and mutual benefit.

In a joint declaration signed by both countries, China has promised that Hong Kong can maintain its capitalist system for 50 years after 1997 and enjoy a "high degree of autonomy." Mr. Zhou said China would live up to all its obligations in the agreement.



Liberal Democrat supporters rallying for Prime Minister Toshiki Kaifu on Wednesday during a campaign speech in a Tokyo suburb.

## Pentagon Planners Drop Defense of Iran

By Michael R. Gordon  
New York Times Service

WASHINGTON — Defense Secretary Dick Cheney has issued a new guide for military planning that instructs the services to drop the mission of defending Iran in the event of a Soviet attack on the United States to take on more of the burden for their own defense, according to Pentagon officials.

But in a move certain to add to congressional debate over whether the Pentagon is moving too cautiously in response to changes in Eastern Europe, the Defense Department has decided not to revise for the near term its assumptions about how much warning the United States might have of a full-scale Soviet attack on Western Europe.

The new classified Defense Policy Guidance, the Pentagon's basic planning document, is intended as the foundation for military planning from 1992 to 1997.

The guidelines instruct the military services to drop the mission of defending Iran in the event of a Soviet drive through that country to the oil fields of the Gulf. That mission was the focus of intense military planning after the 1979 Soviet intervention in Afghanistan.

Instead, the focus is on securing the oil supply by defending the Arabian Peninsula against regional threats that might be assisted by Moscow, perhaps by air attack.

A senior Pentagon official said Defense Department officials had concluded that the threat of a Soviet drive through the Gulf oil fields was "not credible."

He said Pentagon planners also had concluded that the United States was not capable of effective-

ly mounting a defense in Iran's Zagros Mountains despite the billions of dollars spent on rapid deployment forces.

Unlike the planning guidance issued during the Reagan administration, the new document does not treat the Strategic Defense Initiative as a top priority to be protected at the expense of other programs.

On Asia, it instructs the services to plan for the possibility that the United States might have to give up its bases in the Philippines. A senior Pentagon official said that in effect it tells the services to start considering Singapore and other places for Pacific bases and to plan for forces of greater range to compensate for the possible loss of bases in the Philippines.

The guidance provides different

instructions about how services should plan for the long term and the near term in Western Europe.

It directs the services to draw up plans through 1997 that assume the negotiation and implementation of an agreement cutting conventional forces in Europe, which the guide says would lead to a much earlier warning of a Soviet attack.

But for the near future the guide recommends "a continuation of current planning factor for warning of war in Europe until the full effect of Soviet force structure changes on Warsaw Pact mobilization could be ascertained," Pentagon officials said.

Defense Planning Guidelines issued in the past years have assumed that the West would have just 14 days' warning of a full-scale Soviet

attack in Europe through the monitoring of troop movements by satellite and other means.

U.S. intelligence officials concluded in September that the United States was likely to have a month or more of warning of a full-scale Soviet attack in Europe. And the Pentagon decision not to change its assumptions on warning time is likely to be a source of controversy.

A senior Defense Department official said the Pentagon had been reluctant to change the warning estimate because it might be seen by West Germany as a signal that Bonn should make immediate and large troop cuts and because Moscow might be able to take military advantage of an immediate change in U.S. warning assumptions.

## Karachi Under Curfew After 25 Die In Clashes Linked to General Strike

Compiled by Our Staff From Dispatches  
KARACHI, Pakistan — Security forces imposed an indefinite curfew on central Karachi Wednesday after 25 persons were reported killed and more than 100 injured in violence linked to a general strike called by an opposition party.

Medical sources reported at least 25 dead in gun battles between demonstrators and security forces, including four policemen, a soldier and a doctor. Witnesses called the strike "total and unprecedented," "opened fire to terrorize people, who closed their shops out of fear."

The National Movement, which represents Urdu-speaking Muslims, mainly immigrants from India, called the strike to protest what it termed growing lawlessness in Sind Province after the movement, and the party — allies until they split in October — traded accusations of violence, kidnapping and other acts of terrorism.

A spokesman said the National Movement had every intention of keeping the strike peaceful, "but PPP workers and terrorists infiltrated the people and resorted to firing. They killed the people in indiscriminate firing and fled in cars."

A party spokesman accused the movement of using "coercive measures" to enforce the strike. He said the strike was not observed in the southern part of Karachi, considered a party stronghold, but that National Movement workers "opened fire to terrorize people, who closed their shops out of fear."

People barricaded roads with burning tires, furniture and debris as the strike degenerated into violence, witnesses said. More than two dozen vehicles were set afire as street fighting pitted supporters of the strike against its opponents as well as police and troops who tried to remove road blockades, they said.

Reports said that unidentified gunmen shot and killed four policemen in different areas while troops, called in overnight, opened fire to clear main roads.

The National Movement, which holds 14 seats in the national assembly, signed an agreement with the minority People's Party government after the November 1988 elections. But it rescinded the pact and joined the opposition in September, maintaining that the Bhutto administration had failed to promote the interests of the Muslims. (AP, UPI)

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## South Africa Right Demands Election

By David B. Ottaway

Washington Post Service

CAPE TOWN — The rightist Conservative Party, angry and bitterly opposed to President F.W. de Klerk's decision to legalize black opposition parties, spelled out its plans Wednesday to force a general white election and remove Mr. de Klerk from power.

A party spokesman, Kees van der Merwe, speaking before the opening of Parliament, said: "We are going to organize white resistance in a legal manner against Mr. de Klerk's initiatives. We are going to mobilize the white electorate into forcing a general election. We will make sure that Mr. de Klerk is thoroughly beaten at a general election."

Asked how he planned to do this, he said the party planned to hold hundreds of meetings to expose Mr. de Klerk's "crookery," sign up one million voters on a petition demanding elections and hold a huge rally in Pretoria May 26 to formally present the document to the government.

He also threatened to organize a general "stay-away" or strike by all Conservative Party members and supporters "which means South African Airways will not be flying, hospitals will not be run, police will not be run, fire brigades, buses, schools, the lot."

"Then they'll see what the power is of the Conservative Party and then they'll see what we are prepared to do when we are crooked into something," he said.

The Conservative Party is charging that the National Party has no

mandate to legalize and open negotiations with the black opposition African National Congress and other groups and that Mr. de Klerk must return to the white electorate for approval of his decisions.

[The Reverend Jesse L. Jackson, beginning a visit to South Africa, said Wednesday that he hoped to see the imprisoned ANC leader, Nelson Mandela, "walking down the streets of Johannesburg" before his 12-day trip ends. The Associated Press reported from Johannesburg.]

[At an airport news conference, the civil rights leader declined to say if he had requested a meeting with Mr. Mandela, saying only that "I have no commitment from the government to meet him."

Mr. van der Merwe said that if the Conservative Party were able to force a white election and win, it would immediately seek to negotiate a partition of South Africa into "at least two parts" to assure the three million Afrikaners of their own state.

He said the party was not just taking about "a small holding" in the Karoo Desert in south-central South Africa but "a proper fatherland" that is "legally ours, which we have fought for, for which we have spilled our blood."

He refused to spell out further its geographic boundaries.

Most political observers here doubted that the Conservative Party, which holds 41 of the 166 seats in the white Parliament and is the



Jesse L. Jackson being embraced by Allan Boesak, a church leader, in Johannesburg on Wednesday.

official opposition, has either the political strength or the legal means to force another general election, which Mr. de Klerk is not obliged to hold under the constitution for another four and a half years.

The party polled 673,000 votes, about 30 percent of the white electorate in September's elections and many political analysts then felt its appeal had probably peaked. But that was before the shock to the whites of Mr. de Klerk's far-reaching announcement Friday.

Gerrit Viljoen, one of Mr. de Klerk's closest advisers, was quoted Wednesday as saying that within 10 years the ruling white National Party "is not very likely to be in control" but at best part of a coalition government.

## Israel Bolsters Ethiopia Ties

Envoy Says Aim Is to Block Arab Control of Red Sea

By Jane Perlez

New York Times Service

ADDIS ABABA, Ethiopia — In an effort to support the last non-Arab presence on the Red Sea, Israel has increased its diplomatic and military links with the Marxist-Leninist government here, diplomats say.

The government of Lieutenant Colonel Mengistu Haile Mariam needs to be supported against secessionist rebels in the coastal region of Eritrea who would turn the "Red Sea into the Arab Sea," the new Israeli ambassador to Ethiopia, Meir Joffe, said.

The Eritreans are not Arabs, but Ethiopian and Israeli officials contend that they are supported militarily by Arab governments.

The leadership of the rebel Eritrean People's Liberation Front is predominantly Christian, but about half the region's population is Muslim.

Western diplomats say that Arab countries sympathetic to the Eritreans have responded to a recent appeal from the rebels, saying that with Israel on Ethiopia's side, the rebels need help more than ever.

Washington has taken a dim view of Israel's assistance. Some U.S. officials say the Israeli help will serve only to prolong the Ethiopian civil war.

The Ethiopian government is pressed by rebellions based in Eritrea and Tigre Province, divided within itself and practically bankrupt.

One U.S. official called the government a "dead duck" and described the strategic value of Ethiopia as vastly diminished as the Cold War winds down.

But Ambassador Joffe, newly arrived after a 16-year break in relations, said it was strategically important for Israel that the rebels not turn the "Red Sea into the Arab Sea."

"You just have to look at a map to see the importance to Israel," Mr. Joffe said in an interview.

He asserted that the rebels received most of their supplies from radical Arab countries. Many Western diplomats say that the vast majority of the Eritreans' supplies are captured from the Addis Ababa government.

The chief of staff of the Israeli Army, Lieutenant General Dan Shomron, visited Ethiopia last month with an Israeli military delegation to assess Ethiopian needs, Western and East European diplomats said.

Already, these diplomats say, Israel is believed to have supplied Colonel Mengistu with cluster bombs for use against the Tigre People's Liberation Front, which seeks the overthrow of the Addis Ababa government.

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■ Rebel Setback Is Claimed

The Ethiopian government said Wednesday it had recaptured the strategic point of Kimer Dingay in the northern province of Gondar, killing a large number of rebels and capturing weapons and ammunition. Reuters reported.

The official Ethiopian News Agency said Kimer Dingay, a highland area east of Debre Tabor on the main road linking Gondar with Wollo Province, was captured after heavy fighting on Sunday and Monday.

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# Herald Tribune

Published With The New York Times and The Washington Post

## Stalin's Legacy of Filth

Decades of Communist rule have cast a pall of industrial filth that reaches from the forests of East Germany to the dying shores of the Aral Sea. The rising tide of pollutants has poisoned earth and water throughout the Eastern bloc, and in many cities threatens human health. "We have laid waste to our soil and the rivers and the forests that our forefathers bequeathed to us, and we have the worst environment in the whole of Europe today," lamented Vaclav Havel, the new president of Czechoslovakia, in his New Year's Day address.

Of all Stalin's legacies, the destruction of nature may be the hardest to reverse, unless the new governments, with the assistance of Western lending agencies, give environmental protection high priority as they reconstruct their economies.

Every country in the East bloc has its catalogue of chemical devastation. Peter Diederich, East Germany's environment minister, says that 41 percent of the country's forests were dead or dying, and that 10 percent of its people drank water that did not meet public health standards. In northern Czechoslovakia, air pollution shortens life expectancy by three to four years. Hungary's Ministry for the Environment and Water Management estimates that one in 17 deaths is due to air pollution.

Almost all the water in Poland's rivers is unfit for human consumption, notes the World Resources Institute, and 50 percent is so toxic that it is unfit even for industrial use. The Vistula, which runs through Warsaw, has become a lifeless sewer. Half of Poland's forests are at risk. A quarter of its soil may be too contaminated for safe farming. Soils in Silesia carry so much lead and cadmium that the government may have to ban vegetable farming, and children are threatened with lead poisoning.

In the Soviet Union, 102 cities are exposed to industrial pollution 10 times greater than safe health norms. Profligate use of water, pesticides and fertilizers to grow cotton has severely damaged the Aral Sea and people's health in Central Asia.

One lesson is clear: It does not require greedy private corporations to create pollution. Industry probably has an equal propensity to pollute under communism and capitalism, but Communist development favored heavy industry like steel and chemicals, which produce copious toxic waste. Lacking price signals, the planned economies became highly inefficient users of energy, another source of pollution. But the real cause of the breakdown was the lack of any pressure from the public on the planners to heed the consequences of pollution.

In the West, environmental movements sprang up to protest the despoliation of nature. In the East, such opposition was either squelched or ignored. The central planners didn't have to breathe the polluted air they created in the provinces. Their only ethic was production, their only goal to fulfill their plan. Even when environmental protection was included in the planning, production quotas came first.

The planners cast nature out with a pitchfork, and the Iron Curtain now rises on a scene of unparalleled destruction. Having wasted 45 years, all East bloc governments now face intense competition for resources. They may be strongly tempted to put environmental cleanup last. Western investors should avoid the example of the World Bank, which for years gave scant attention to protecting natural resources. Concern for the environment needs to be built in from the start of new projects, not added on as an afterthought.

—THE NEW YORK TIMES

## Warming: Plenty to Do

True, the evidence of global warming so far is confused and inconclusive. But it is also true that sitting back and waiting for compelling clear proof would be dangerous; by the time it appeared, it would be too late to do anything about it for many decades. That is the gist of the quarrel that has been going on inside the Bush administration for the past month. President George Bush's speech this week to the Intergovernmental Panel on Climate Change was the product of that long quarrel. The noise of the wrestling, and the occasional crash of broken furniture, distracted attention from the message when Mr. Bush finally gave it. But you can say this for his administration: It is taking the implications of global warming seriously, as its predecessor did not, and it is fighting over the right questions.

There is a way around the dilemma in which it has entangled itself. No case exists yet for the kind of emergency action that would require disruptive and hugely expensive changes in the economy. But there are many indisputable reasons for doing sensible things that, incidentally, would also curb the greenhouse effect. The chemicals known as CFCs, for example, attack the ozone layer of the atmosphere and increase the incidence of skin cancer. Banning them for reasons of health, as the world is now in the process of doing, would also remove a powerful contributor to the greenhouse effect. Ozone is

another greenhouse gas, and to the extent that American cities manage to diminish smog levels for health reasons, they will similarly diminish greenhouse warming.

Above all, there is energy conservation. That is where the administration and America at large need to work much harder. When Deputy Secretary Henson Moore presented the Energy Department's conservation plan last month, he correctly called conservation "the cleanest, cheapest, safest means of meeting our nation's growing energy needs."

One reason for the ferocity of the political combat over U.S. environmental policy is the entrenched idea that cleaner air and better protection have to impose enormous new costs on industry. But not always. If America's consumption of electricity continues upward at the present rapid rate, the construction of new power plants and transmission lines is going to be gigantically expensive. Raising efficiency is essential for purely financial reasons. But each power plant not built will mean coal not burned and tons of carbon dioxide not thrown into the sky to alter the climate.

The United States and the world don't have to wait for the scientists' debate over greenhouse effects to be settled. They already have plenty of work to do, well justified for other reasons, that would also diminish the risk of severe global warming.

—THE WASHINGTON POST

## Reagan Is Still Hiding

"The buck stops here with me," John Poindexter told Congress in 1987, protecting his president on the Iran-contra arms deal. That was incredible but also loyal, permitting Ronald Reagan to hide behind a claim of ignorance of what his White House was doing secretly to help the rebels in Nicaragua. Now that Rear Admiral Poindexter, facing a criminal trial, seeks Mr. Reagan's help in his defense, Mr. Reagan hides again, this time behind an exaggerated claim of executive privilege.

This shabby show of one-way loyalty might be justifiable if Mr. Reagan were defending some noble principle and not merely his own reputation. His claim appears no more deserving than was Richard Nixon's reluctance to turn over his Watergate tapes in 1973. It deserves the same fate: rejection by the courts.

The retired admiral is accused of lying to Congress and obstructing its inquiries. He hopes to show that his president knew and approved of his actions with regard to Nicaragua and Iran, and that he thus had no reason to deceive Congress. He wants to show, through the diaries and Mr. Reagan's testimony, how often they met, one on one, and what actions the president authorized.

After reviewing about 100 diary excerpts submitted in confidence, U.S. District Judge Harold Greene found 29 that might help the defendant. Even the special prosecutor has seen these snippets. Yet Mr. Reagan says he must keep them from being disclosed in the Poindexter trial in order to protect the capacity of future presidents to write freely in their diaries. He also resists Admiral Poindexter's request for his trial testimony. Judge Greene has issued a measured order to provide a videotaped deposition, giving Mr. Reagan until Friday either to comply or again to invoke executive privilege. The law is clear and Judge Greene has applied it with meticulous concern for the legitimate needs of the executive branch.

As the Supreme Court said unanimously

in the Nixon tapes case, there is a doctrine of executive privilege, a zone of official privacy that enables presidents to debate frankly and deliberately in confidence. But the privilege, especially when pleaded as loosely and vaguely as Presidents Nixon and Reagan pleaded it, must yield to the needs of justice. Those needs in this case, claimed by a defendant who wants to tell his story, seem even more compelling than the Watergate prosecutor's quest for the Nixon tapes.

Mr. Reagan's resistance rings with special perversity coming from a man who as president so regularly derided the exclusionary rule, which throws out illegally obtained evidence, for blocking the law's "search for truth."

If the office of the president was compromised, it was by Mr. Reagan's duplicity and inattention. Yet the former president won't lend a hand to the aide who stopped the buck short of the Oval Office.

Mr. Reagan says he wants to preserve the executive privilege doctrine, but he treats it like a personal perquisite of his former office, not as a protection for the institution. Executive privilege has a proper place. So does concern for one's colleagues, and for justice.

—THE NEW YORK TIMES

## Other Comment

### A Hard Road for Russians

If Mr. Gorbachev remains in charge of the transition to another system, the Soviet Union may be spared the harsher costs of another disorder. There will be severe economic hardship. And there will be dangerous ethnic confrontations. If he falls overboard, whether he is succeeded by a reform government that wants to go faster than he does, or by a return to conservatism, the sufferings of Russia will be worse.

—THE INDEPENDENT (London)

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.

Tel.: (1) 46.37.93.00. Telex: Advertising, 613595; Circulation, 612832; Editorial, 612718; Production, 630698.

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## The Week When Communism Gave Up

By William Pfaff

PARIS — The most pernicious influence of Marxism has been to provide an intellectual rationale for dictatorship. The disastrous consequences of this for modern Russia has now implicitly been acknowledged by the Central Committee of the Soviet Communist Party. The doctrine of single-party rule, of party dictatorship, has been abandoned — 72 years too late for Russia, 46 years too late for all the rest of us.

Marx himself, when he spoke of the "dictatorship of the proletariat," seems to have had Roman dictatorship in mind: constitutional dictatorship, initially limited in duration.

Under Lenin's leadership, a theory of government by the working class became in practice rule by the Communist Party. Further elaborated in the doctrine of "democratic centralism,"

the supposed dictatorship of the proletariat became arbitrary and absolute dictatorship by the self-nominating and self-perpetuating apparatus controlling that party.

When Mikhail Gorbachev launched perestroika he did not intend to become the gravedigger of communism. He meant to save it by reforming it. But he is now, in essential respects, terminating it. Two years ago, his Extraordinary Communist Party Congress to reform the political system took for granted the party's continued monopoly of power. That now is reversed.

The single-party question has been at the center of the political turmoil in Romania since the

revolution in December. Silvin Brucan, the veteran Communist who played probably the most important individual role in preparing the overthrow of the Ceausescu and bringing the National Salvation Front to power, and who usually is described as the front's theorist, has said that "it will take 20 years for Romania to become a democracy." His implication is that Romania will need 20 more years of direction by an elite.

He argues that the old-fashioned political party system has broken down everywhere because of the rise to power of intellectual workers, who refuse to accept the rigid structures of traditional parties. He says the ecologist movements in Europe, the Green parties, Solidarity in Poland, the "New Forums" that have emerged in Hungary, East Germany and Czechoslovakia all are new political phenomena produced by the failure of the old party system.

He thinks this new class of intellectual workers must be the leading class in the future, but he told a French interviewer in January that the difference between West and East today is that in the West another class still is in control over the intellectual workers, the capitalist class — "what you in France call the 200 families." In the East, "that class does not exist." He doesn't want it to exist in the new Romania, which is the reason the National Salvation Front has been hostile to Romanian exiles coming back from the West.

It is a demonstration of the extent to which the reformers in the East still think in categories of the 1930s. Mr. Brucan, in certain ways correct in his analysis, still does not understand that what ever capitalism in the West has become, it certainly is not today dominated by the "200 families of France" — or by Rockefeller, Vanderbilt and Mellon in America.

He also fails to understand that Communists, even Communist reformers, are no longer acceptable as leaders of a revolution against communism. Things have gone much too far for that — as the Soviet abandonment of the one-party system demonstrates. Mr. Brucan's associate,

Petre Roman, currently the prime minister, has repeatedly spoken of the need for a "new kind of democracy," as has Mr. Brucan. A Romanian journalist, Octavian Paler, replies: "What don't they like about Western democracy? I'm very afraid of new kinds of democracy."

Romania and the U.S.S.R. have been the last places where the single-party idea survived — in the Eastern bloc, that is. One-party government has already formally been renounced in Hungary, Czechoslovakia, East Germany, Bulgaria and Poland. It survives outside the bloc, in Yugoslavia (where the Communist parties of Slovenia and Croatia nevertheless advocate multipartyism), and in isolated Albania.

It survives in a great many places outside Europe, and Marxism bears a responsibility for that, too. Every sub-Saharan African government — except South Africa, Senegal's and that of the island of Mauritius — is a one-party dictatorship, nearly all of them claiming to be "socialist" (Nigeria is a doubtful case. There are two parties, both under army domination).

One-party rule is the practice in most of Asia and the Middle East, and in several Latin American countries. Marxism nearly always provides the rationale.

Today some African leaders pay increasing attention to North Korea. As the Soviet model falters, Kim Il Sung's dynastic Communist totalitarianism seems a useful replacement — a surviving mutation of Marxism able to justify a dictator's quest for total control, as well as his need to believe that Marxism has proved progress and science to be on dictatorship's side.

Africa's tragedy is just another charge on the account owed history by Marx and Lenin. Had their beliefs not fused, so as to assign virtue to despotism, promising that out of this could come the general happiness of mankind, the 20th century would have been spared much grief.

It all began in good intentions! It ended, for all intents and purposes, in Moscow this week, at that meeting of the Communist Party's Central Committee which abandoned the principle of Communist Party dictatorship.

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## A World Upside Down, Or Breakfast in Davos

By Jim Hoagland

DAVOS, Switzerland — Vitali Korotich spends Sunday organizing a historic march by pro-democracy demonstrators in Moscow, then catches a late-night flight to come to this affluent ski resort to address the West's financial elite. The same day, Adam Michnik, one of Solidarity's heroic dissidents, enjoys breakfast here with his jailer for six years, President Wojciech Jaruzelski. Both men later urge foreign companies to invest in Poland's fledgling market economy.

The world turned upside down: That is the transformation of Eastern Europe and the Soviet Union viewed from the World Economic Forum, an annual gathering of 800 senior business and government executives. Instead of chewing over macroeconomic coordination by the Group of Seven, this year's meeting focused on what change in the East may mean for bottom lines in the West.

American economic and foreign policy, usually the dominant topic, was barely mentioned. Europe (West) talked to and about Europe (East), letting American participants listen in. In an accidental but symbolic moment, Mr. Korotich's deeply emotional presentation about the fight for democracy in the Soviet Union — "the death of the administrative system became a fact in Moscow Sunday" — filled a time slot left vacant by John J. Phelan's decision to cancel his Davos appearance after resigning last week as head of the New York Stock Exchange.

Davos 1990 provided benchmarks not only for the mind-bending changes that have occurred in East-West relations. The juxtaposition of the world's banking and investing elite and those who say they are dismantling the old "administrative" economies as fast as they can also illuminated the difficulties that lie ahead for the unfinished revolutions.

"I fear that many of us will leave

here slightly more cynical," a U.S. investment banker said as the conference neared its end at midweek. "The spokesmen for the new governments were leaders who until a few months ago owed their careers and positions to their commitment to communism. It shows how much still needs to be changed in Eastern Europe. Until then, I think we will follow what is happening with great interest, but I doubt we will put much money in."

He voiced an uneasiness that I share about the presence at the top of Eastern Europe's "reform" governments of the people who fought democracy. But consider the view of Adam Michnik, who argued emphatically to me that the conference organizers were right to invite both him and General Jaruzelski, who declared martial law in December 1981 to break Solidarity and democracy in Poland.

"Having breakfast with the man who made me a prisoner is part of a logic that I admit is not the logic of justice," Mr. Michnik said. "But the logic of justice is the logic of civil war in the case of Poland today. If we do not reach compromise with the people who led the old system, if we do not adapt them into the transformation we are making, we would have to fight them."

"We must avoid the Khabal syndrome," said Mr. Michnik, who is now a member of parliament and editor in chief of the newspaper *The Electoral Gazette*. "In Khabal, the people in the government know that only the guillotine awaits them if they cease any power. The hardest part of a revolution is the phase we are in now, the second phase. After the struggle for liberty comes the struggle for power."

Poland must have political stability while making its economic revolution. "We are too weak to do both at the same time. We have to maintain credibility with the Polish people, with the West and with Moscow. Jaruzelski, whom I admire for



admitting that he had to change, is part of that effort. But we have to remember, too, that a Solidarity government is the proof of the failure of Jaruzelski's policies."

Mr. Michnik argues that his approach is not only pragmatic, but also reflects a fundamental reality about Eastern Europe that the rest of the world should now accept. "The old European notions of left and right just don't fit what is happening in our region now. I have known Vaclav Havel for 12 years, and I cannot tell you if his new president of Czechoslovakia is a man of the left or of the right. Not only is socialism dead, but the language of that kind of politics is dead. What remains are values, not notions of left and right."

I had last seen Mr. Michnik in Gdansk back in the bad old days, shortly after one of his periodic jail terms had ended. His mood then was somber, but determined, and he helped me realize that one day Solidarity would win its struggle with General Jaruzelski.

To see Mr. Michnik here in Davos more than two years later, full of hope and laughingly describing himself as "one of the new nomenklatura," or governmental elite, who can take jets abroad for international meetings, is a thrilling moment. He is proof that the Polish struggle continues, in good hands. The bankers should remember that General Jaruzelski may be president but that he is now Solidarity's prisoner.

The Washington Post

## The Pacific Region, Too, Needs a Security Overhaul

By Donald S. Zagoria

NEW YORK — Some 40 years after the beginning of the Cold War, the world is on the verge of a new era, one that promises more stable, peaceful and even cooperative relations between the two superpowers.

None of America's friends in Asia are calling for a reduction of the U.S. military presence in the Pacific. Nor is the U.S. alliance system in the region contrary to Soviet interests. A Japan loosened from the U.S. embrace and determined to go nuclear would almost certainly be a bigger threat to Soviet security than a Japan firmly anchored in a U.S.-led alliance.

The Soviet Union's unsatisfactory position in Asia is largely attributable to its economic weakness, which inhibits interaction with the dynamic economies of the region, and to unwise policies of the past. To the extent that Mr. Gorbachev speaks in changing these policies, the Soviet Union will be able to normalize its relations with most countries of the region.

The way to begin laying the foundations for more stable relations in the Pacific is not by premature calls from Moscow for pan-Asian security schemes, but by improving ties among the major powers. There are already many encouraging signs of progress.

Steps are also needed to reduce military confrontation in Asia and the Pacific. The Soviet Union is a land power while the United States depends on maritime power. Other countries in Asia also have important military forces. These conditions preclude common ceilings or equal percentage reductions that arms control agreements almost inevitably demands.

There may be little scope in the Asia-Pacific region for formal arms control negotiations of the type taking place in Europe, but there are possibilities for selective confidence-building

measures. Many of the measures proposed so far by Moscow are considered by many Western analysts to be self-serving and designed to hamper access of the U.S. Navy to the Pacific.

Some reductions of Soviet and U.S. military units in the region are almost certainly going to be brought about by budget constraints. Some existing forums, such as the productive incidents-at-sea talks between the Soviet Union and the United States, could be expanded to include China and Japan.

All four of the major powers could begin to exchange data on their respective defense budgets and plans. High-ranking naval officials from the four countries could enter into regular exchanges to discuss their naval doctrines and future force projections. Military exercises could be reduced and made less provocative. In addition, since it is in the common interest of all of the major powers in the Pacific to discourage nuclear proliferation and the spread of ballistic-missile and other advanced military technologies, talks might begin on this subject.

If there is a treaty that substantially reduces Soviet forces in Europe, and if East European states continue to move toward political pluralism, the danger of a Soviet attack on Europe will be greatly diminished. As a result, the U.S. strategy of deterring a Soviet attack in Europe by posing a threat of escalation in the Pacific will lose much of its credibility.

Washington needs to develop a strategy in the Pacific that focuses less on the threat from the Soviet Union and more on the multiple threats from other sources that can be expected to continue in the 1990s — threats to secure oil supplies from the

Gulf, of maritime interdiction and, above all, from several flashpoints which could involve the United States in conflict at lower levels.

For some time to come a substantial U.S. military presence will be needed in the region, to shore up or protect threatened allies and to underpin U.S. political-economic policy.

The writer, professor of government at Hunter College in New York and a specialist on relations between the major powers, contributed this comment to the *International Herald Tribune*.

## 100, 75 AND 50 YEARS AGO

### 1890: Feting an Emotion

PARIS — The *Herald* says in an editorial: Of all curious anniversaries the Florentines have hit upon the most curious. They propose to celebrate next May the sixteenth century of the "Loves of Dante and Beatrice." If the celebration succeeds the Florentines will have the credit of having invented something new, and they will soon find imitators. We shall be asked to celebrate the anniversary of Byron's *Dante of His Wife*, and the fifth or sixth anniversary of the Loves of Gladstone and Parnell. Hitherto we have celebrated Events. Hereafter we shall also celebrate Emotions. The chief difficulty lies in fixing dates. Who, for instance, will believe that Dante's love for Beatrice occurred precisely on the first day of May, at say, ten minutes past 2 o'clock?

### 1915: 'Italy Will Fight'

PARIS — Italy must inevitably enter the war. Such is the purport of an

## Warming: We'll Need A Treaty

By Elliot L. Richardson

WASHINGTON — Environmentalists and politicians can argue the costs and benefits of international action on global warming from now until doomsday, and they probably will. But nothing will get done without an institutional mechanism to develop, institute and enforce regulations across national boundaries.

The need for a mechanism emerged clearly from this week's meeting of the Intergovernmental Panel on Climate Change, a group sponsored by the United Nations. President George Bush's speech at the conference, in which he called for more research on the "uncertainty" of global warming, may have disappointed some, but this might be the largest point.

Little can be accomplished in the absence of multilateral institutions that will eventually carry out whatever

remedial environmental actions the world community can agree upon. In short, we need an international treaty, modeled perhaps on the Law of the Sea Treaty, to coordinate and enforce action on the environment.

Of course, many scientific questions need to be answered. We need to know the costs and benefits of various means of stopping the buildup of greenhouse gases. We need to discuss regulatory standards and cost-effective enforcement measures. Eventually, however, we will have to act.

The world cannot afford to rely on independent action by individual countries. The results are bound to be highly uneven: One nation could cut back on its carbon dioxide emissions; one could stop the destruction of its own forests; still another could do nothing. The least responsible transnational corporations will seek out and encourage the most permissive regulatory environments.

For maximum impact as well as equitable burden-sharing, there will have to be universal standards universally accepted. Deliberation about the political palatability and enforcement of these standards should be concurrent with, not subsequent to, deliberation about science and regulation.

Take, for instance, the question of whether to strengthen organizations like the UN Environmental Program or the International Maritime Organization, combine them, or build a new one — a Global Environmental Protection Agency — from scratch. Or take the question of what powers should be granted to the chosen institutions. Should these institutions be limited to formulating recommendations, or should they also have the power to promulgate and enforce regulations?

Political considerations must also be discussed. Will there be a single governing body with universal representation? What kind of voting arrangement will govern its decisions — a one-nation, one-vote system like the United Nations General Assembly, a weighted system like the World Bank or S&P 500, or something in between? Dispute-resolution mechanisms must be put in place.

Whether the international institution is given power to enforce rather than merely recommend regulations obviously affects representational and decision-making issues. In fact, the more power the organization will be expected to exercise and the more money it will be authorized to spend, the fiercer will be the battles.

The arena in which these battles are fought will be an international conference of some 160 sovereign states to be held in Brazil in 1992. These states will vastly differ in their contributions to environmental degradation. Their delegates will represent every race, culture, ideology, geographical circumstance and stage of economic development on earth.

Given the scope and complexity of this conference's task, a thorough preparatory process is indispensable. The United Nations took four years to lay the groundwork for the Law of the Sea Conference, and the conference spent nine more years, with twice a year meetings, to produce a treaty.

The United States has not yet taken a prominent role in laying the groundwork for an environmental treaty. American leadership in such effort nevertheless can make a critical difference. It is in America's own interest and in that of the entire world community to take the initiative. It is not too late.

The writer led the U.S. delegation to the Law of the Sea Conference from 1977 to 1980. He contributed this comment to *The New York Times*.

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Dr. Harry McDowall,  
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## OPINION

## Lay Out the Welcome Mat For a Democratic Germany

By George F. Will

WASHINGTON—On the first day of the Warsaw Pact invasion of Czechoslovakia in August 1968, a Czech town café was started when a tank rolled by and a German-speaking head popped from a turret to say "Wir sind wieder da" (Here we are again). As the Soviet Union tries to orchestrate worries about German reunification, it is well to remember that the only time since 1945 when German forces violated a border, they did so under Soviet orders.

Debates now raging about reunification are surreal for several reasons, beginning with the fact that reunification is not in doubt. Another reason is that so much rubbish is being written about Germans.

The Jan. 22 issue of Time magazine contains a bizarre two-page report on

**Moscow has no standing to speak against the coming together of the German people, a real nation kept sundered by Soviet power.**

"Voices of East Berlin" under this headline: "Talking to young and old alike, an American visitor discovers an abiding love of East Germany and little desire to reunify." Oh! The Berlin Wall was a dike holding in "abiding love"? "Abiding love" is driving East Germans west at a current rate of 400,000 a year?

Time's reporter "discovers" what a shabby remnant of the Western intelligentsia wants to cling to: faith in "real" socialism as a "middle way" between capitalism and communism. Time's report is the (dare we hope?) last in a long line of stupid travesties written, from the 1920s on, by people who prove their radicalism by writing nicely about places they would not live in for a month.

A second surreal aspect of all this is the role of the Soviet Union. Citing "the Kremlin has had the impertinence to suggest an international referendum on German reunification."

The Soviet Union is the only country that began World War II as Hitler's ally but did not suffer a rupture of its regime. Its alliance ended at Hitler's initiative and to the surprise of the Soviet Union.

The Soviet Union spent four postwar decades sowing tyranny and violence around the world. And now it presumes to say that before Germany, in its fifth decade as a good world citizen, can enjoy full sovereignty, the Soviet Union must have a say?

At the moment, the Soviet Union is suffering acute indigestion, 50 years on, because of the Baltic states it swallowed

with Hitler's connivance. This is not a propitious moment for the Soviet government to speak of any other nation's "sinister shadows of the past."

At a moment when the Red Army is being used against some of the centrifugal forces ripping the seams of that unnatural entity the Soviet Union, Moscow has no standing to speak against the coming together of the German people—a real nation kept sundered by Soviet power. A regime that cannot provide soap or sustenance to its captive people, a regime facing the prospect of urban riots of desperation, has nothing to contribute to the discussion of Germany, save a timetable for removing its occupation army.

Outside the Soviet Union there is much economic envy and fear of economic competition masquerading as anxiety about Germany's national character. And in East Germany, political desperation is part of the masquerade.

Gregor Gysi is leader of East Germany's shrunken Communist party, which will be humiliated in the March 18 elections. Mr. Gysi accuses West German political parties of interfering in East Germany's internal affairs. West German parties are, he says, "looking for partner parties" when they should be negotiating with the East German regime.

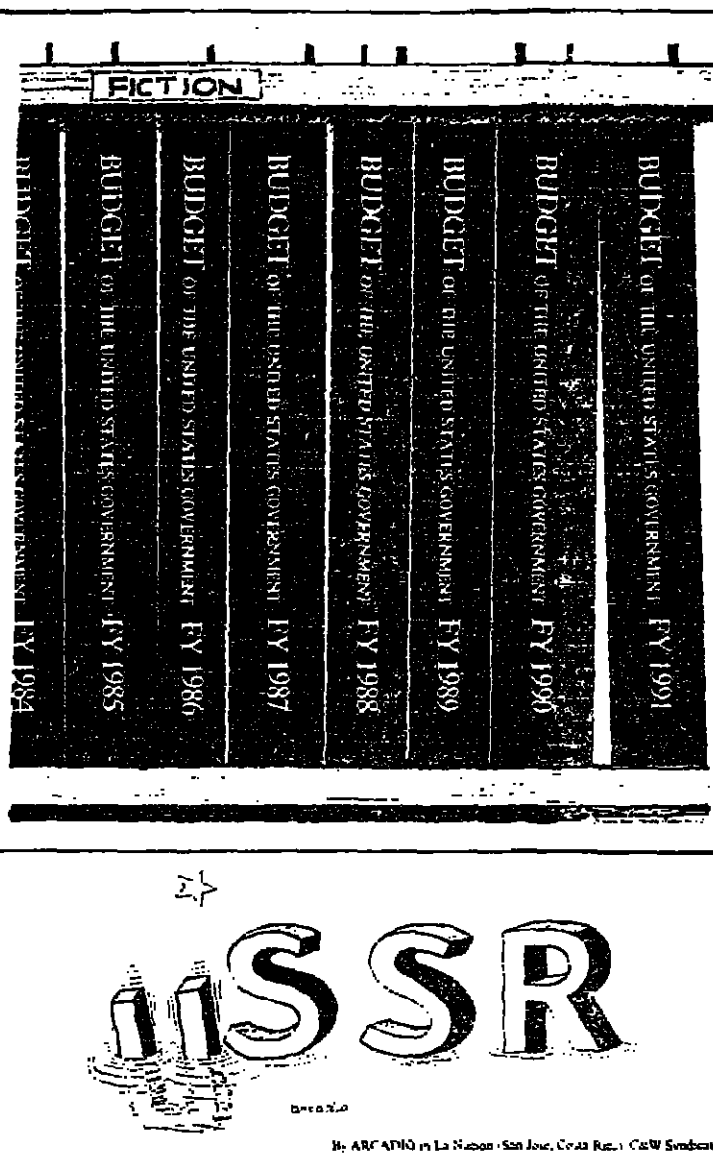
Whom does he think he is speaking for—or to? Mr. Gysi is at the ragged end of a long line of East German quislings, and he is serving the occupying power to the end, citing "the danger of rightist radicalism" as justification for the old Soviet agenda of German neutral and completely disarmed.

This is more surrealism, this pronouncement from Mr. Gysi, a ghost of a state that has withered away. States of mind come before, and matter more than, states, so Germany already is reunified. It is unseemly for Chancellor Helmut Kohl to continue meeting with Communist representatives of a regime that was content to run the state as a prison until Hungary, with an assist from Czechoslovakia, opened a door last summer.

The reunification of Germany has been greeted in the West by a crabbed spirit of suspicion and by lawyerlike talk about vestigial occupation rights. The Soviet Union, the most comprehensive failure in the history of human organization, is accorded respectful hearings when it asserts a right to audit Germany's evolution.

The smudged pages of modern history are replete with reasons for alertness about German isolation, resentment, chauvinism, injured pride and consequent aggressiveness. If one were perversely trying to provoke those failings, what better way to do so than by questioning Germany's sovereignty and by giving only grudging, wary welcome to the emergence of a democratic, pacific, unified Germany?

Washington Post Writers Group.



## 'A Bit of This and Yet a Half of That'

By Albert Gore Jr.

WASHINGTON—The poem was composed aloud—a simple, dramatic scene to a long dinner around a table laden with delicacies rarely seen during a Soviet winter: plates full of beef and fish and a pyramid of fresh oranges.

We listened, Soviets and Americans, as Yevgeni Yevtushenko, the legendary poet of conscience, composed it, freezing into awed silence what had been a spirited debate about the course Soviet leaders must adopt. The poem, Mr. Yevtushenko said, was a new creation, but it was delivered with such command that it seemed to be recited from memory. He said it would be called "Half Measures."

Our host, in an old Moscow restaurant, was Vitali Korotich, editor in chief of the controversial magazine Ogoniok. He is also a member, in the Congress of People's Deputies, of the Inter-Regional Group, a loose alliance of delegates who believe that perestroika will fail if Mikhail Gorbachev does not dramatically accelerate economic reform.

Mr. Yevtushenko is also a delegate to the Congress, which meets at least once a year. He brings an unusual blend of poetic insight and knowledge of insider politics to his responsibilities.

When asked how virulent national rivalries and ethnic hatreds could boil over at a time of relatively unfettered political life, he spoke of a madhouse, perfectly frozen in time. Imagine, he said, that the scientific expedition that discovered the animal takes great pain to digest it. Even if they proceed flawlessly, unseen to their eyes but thawing with the huge beast would be tiny microbes carrying ancient diseases with the ability to destroy it. Only the onset of decay would signal the microbes' presence. This is equally true of ethnic conflicts and anti-Semitism, which are now thawing along with political processes frozen for so long, Mr. Yevtushenko said.

It was while we talked of the possibility of a "third path" that Mr. Gorbachev might follow to lead the Soviet Union to safety that Mr. Yevtushenko spontaneously composed "Half Measures." For some, the "third path" involves an economic transition from the discredited "command" model to something approximating a free market, yet not quite capitalism. To others, it involves giving up the old imperial structure for something resembling a confederation, yet not quite entirely a union of sovereign equals. For still others, it means a society in which people need no longer lock their thoughts away in secret places, yet the society is not quite based on the paramount value of individual rights.

The essential truth about the circumstances of the Soviet Union is conveyed in Mr. Yevtushenko's few lines. None of us

in the West can presume to know how the Soviet Union can make the excruciatingly difficult transition it is now attempting. After all, this is a society organized along lines so alien to America's that opening a McDonald's restaurant in Moscow has been accompanied by planning and economic life-support arrangements worthy of a mission to the moon.

It is worth appreciating, however, that many in the Soviet Union believe that the only real choice may be all or nothing: full economic and political freedom or the possibility of a return to conservatism. "Those half free—are half enslaved."

The writer is a Democratic senator from Tennessee. He contributed this comment to The New York Times.

## Half Measures

By Yevgeni Yevtushenko

Half measures can kill when on the brink of precipices, chafing in terror at the bit.

We strain and sweat and foam because we cannot jump just halfway across.

Blind is the one who but half sees the chasm, and half recoils because he lost his way.

Half munter and half suppressor of the rebellion he has given birth to!

Semi-effective, semi-actions push the half people back to the half rear.

Half fearful, halfway on the rampage... a bit of this and yet a half of that, a timid party line exposing "Robin Hood" half walking to a semi-guillotine.

Lost is the opposition's firmness. Swashbuckling with a flimsy sword, one cannot be a half guard with the cardinal and simultaneously half a king's musketeer.

There is no semi-fatherland, nor can we fathom semi-conscience; half freedom is the trek to jail, and saving our fatherland halfway would fail.

This poem, translated from the Russian by Alexis Obolenski and Victor Winslow, appeared in The New York Times.

## LETTERS TO THE EDITOR

## Central Europe Looks Back

In response to the report "Havel Asks Coordinated Bid by East to 'Return to Europe'" (Jan. 26):

President Vaclav Havel of Czechoslovakia says, "Before us is a historic opportunity to fill a large political vacuum created in Central Europe after the fall of the Habsburgs." His recent visits to Poland and Hungary were an attempt to recreate, in spirit at least, the Austro-Hungarian Empire.

The empire was never a great military force, but it was important in that it linked ethnic groups into one multicultural empire. Although it was far from being a democracy, the association that the Czechs, Hungarians and other peoples had with Austria was a far more pleasant one than either of the subsequent relationships with Germany (late 1930s to 1945) or the Soviet Union (1945 to 1989).

As the Soviet Union withdraws inward, a vacuum is again developing in

Central Europe. Should Germany fill the void, this would undoubtedly not manifest itself in military occupation but in economic domination.

Mr. Havel is thus attempting to put back together what was, perhaps mistakenly, dismantled in 1919. He knows that, alone, Czechoslovakia is dependent on the big powers around it. A confederation of Poland, Czechoslovakia, Hungary and perhaps Austria would create a union of countries with close historic ties and common goals.

ERICH BUSSIAN, Munich.

## Disgrace in Washington

In response to "The Dubious Baiting of the Barry Trap" (Opinion, Jan. 27) by William Safire:

Mayor Marion Barry of Washington deserved to be brought to justice as much as General Manuel Antonio Noriega did. The mayor's extracurricular activities

were well known all over the city; he was a disgrace. Half of Washington looks like an armed Third World camp. Now maybe Jesse Jackson can use his prestige to lead the murder capital of North America out of its morass.

COL. STEPHEN L. YOUNG, Breda, Netherlands.

It is hard to laugh at the attitude of Mr. Yuppie. Has the win-at-any-cost credo crept into the American mainstream? Whatever happened to wholesome, sincerity, honesty, integrity? These were the values I was taught as a child.

DEBBIE SULLIVAN, Waltham, Massachusetts.

## No End to This Nonsense

Louis Jay Herman is quoted in American Topics (Jan. 22) as saying "that the language police probably will not be satisfied until bald people are referred to as 'hair deprived' and short people are said to be 'height deprived.' But not even that will do. The language police would object that both of his coinages are more demeaning than the originals, implying that hair and height are better than their absence."

The bald problem could be addressed by "hairless" or "unhaired," but the suffix "less" is the prefix

"un" have negative implications. So I propose "smoothheaded," the contrary of which will be "hairyheaded." The height problem is trickier. We could say "underheight," "normal-height" and "overheight." But "under" is probably slightly more pejorative than "over" (unless we are talking about weight). The solution is to relate height to the distance of the head from the feet. Thus we will have "nearfooted" (short) and "farfooted" (tall) people.

GERALD E. DIXON, Prangins, Switzerland.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

## GENERAL NEWS

## Slowly but Surely, Reagan Is Drawn Into Iran-Contra Case

By David Johnston

New York Times Service

WASHINGTON—Slowly but inexorably, Ronald Reagan is being drawn into the Iran-contra affair after years of conflicting statements and unwillingness to give a public account of his actions.

The former president has distanced himself from the affair ever since disclosures in November 1986 that arms were secretly sold to Iran with profits going to the Nicaraguan rebels. He has sometimes denied outright any knowledge of critical events and sometimes issued blurred statements about his involvement.

But Rear Admiral John M. Poindexter, Mr. Reagan's national security adviser from December 1985 until he resigned the following November, is threatening to force him to provide a much more detailed account of his knowledge and activities in the matter. Admiral Poindexter, now retired, is scheduled to go on trial Feb. 20.

The issue of whether Mr. Reagan should appear as a witness has reverberated through the Iran-contra prosecutions since the trial of Oliver L. North, a former National Security Council aide who was convicted of three criminal

charges last May. Federal District Judge Gerhard A. Gesell rejected Mr. North's attempt to compel Mr. Reagan to testify after reviewing the former president's written responses to questions submitted by lawyers for the independent prosecutor, Lawrence E. Walsh.

But that decision appeared to trouble a member of a three-judge panel that heard oral arguments in Mr. North's appeal. "You never turned over answers from Reagan to the defendant?" Laurence H. Silbermann, of the U.S. Circuit Court of Appeals for the District of Columbia, asked a prosecutor. He asked why Mr. North was not given the written answers "as a matter of basic fairness."

A prosecutor, Gerard Lynch, told the appeals court that Mr. Reagan's written answers would not have been helpful to Mr. North.

Unlike Mr. North and other figures charged with wrongdoing in the affair, Admiral Poindexter insists that, as one of the most powerful officials in the Reagan White House, he received his orders directly from the president. His lawyers have argued that they should be allowed to present a jury with Mr. Reagan's views on Admiral Poindexter's actions.

In a number of recent orders, District

Judge Harold H. Greene, who will hear the case, agreed that the Poindexter defense should be permitted to fully explore Mr. Reagan's role.

In an order on Monday directing Mr. Reagan to give videotaped testimony,

## NEWS ANALYSIS

Judge Greene said the former president "may be presumed to have been the presiding officer at all meetings at the White House, and he is therefore the most appropriate evidentiary source to the events that occurred at these meetings."

In response to Judge Greene's rulings, Mr. Reagan's lawyers have repeatedly objected, trying to avoid disclosing any part of his diaries and to prevent his being forced to appear as a witness.

On Monday Mr. Reagan's lawyers for the first time asserted executive privilege in an effort to protect his diaries from disclosure.

Judge Greene will now rule on the claim, balancing whether a president's constitutional right to protect sensitive internal communications is offset by a criminal defendant's right to summon witnesses and assemble evidence to ensure a fair trial.

Under the broadest interpretation of the executive privilege doctrine, a few presidents have contended they can withhold anything they feel necessary to protect national security, guard confidentiality or ensure the efficient operation of the executive branch.

The Supreme Court has held that executive privilege has a basis in the constitution, but in the one case it decided it did little to clarify its scope.

Should Judge Greene reaffirm his decisions requiring Mr. Reagan to provide diary excerpts in the Poindexter trial, Mr. Reagan can appeal to a higher court. There he might receive a more sympathetic hearing than he has had from Judge Greene, a judicial innovator who was appointed to the federal bench by President Jimmy Carter.

Even if Mr. Reagan is defeated in the courts, Attorney General Dick Thornburgh could still block the disclosure of diary excerpts by exercising his right, under the Classified Information Procedures Act, to prohibit the disclosure in the interest of national security.

Mr. Reagan's lawyers have assiduously avoided asserting executive privilege since 1985. At that time White House lawyers rebuffed Mr. North's recommen-

dation that Mr. Reagan assert the privilege when congressional investigators asked for a report on the activities of the national security aide, who was the administration's covert liaison officer to the Nicaraguan contras.

On Monday Mr. Reagan's lawyers avoided using the term executive privilege when they asserted the former president's right to "constitutionally protected privacy."

A Reagan spokesman said that the former president had "cooperated fully" with official inquiries into the affair, referring to Mr. Reagan's willingness to answer written questions from the staff of Mr. Walsh, the independent prosecutor, and to provide diary excerpts to investigators. They were allowed to read and take notes from the diary material. Mr. Reagan has not explained his role in the affair. He told a presidential review board in January 1987 that "he did not know that the NSC staff was engaged in helping the contras," according to the panel's report.

But in May 1987, referring to private aid for the contras, Mr. Reagan said he was "very definitely involved in the decisions about the freedom fighters," adding, "It was my idea to begin with."

## After Panama, Help for GIs

By Ronald Smothers

New York Times Service

NEW YORK—After decades of ignoring and even denying that going into combat can cause long-term psychological problems for some soldiers, the U.S. Army is providing counseling for some of the troops who recently returned from Panama.

The sessions at Fort Bragg, North Carolina, conducted by specially trained teams of mental health professionals and regular soldiers, are designed to prevent or detect symptoms of post-traumatic stress disorder such as nightmares, feelings of guilt, extreme sensitivity to loud noises and irritability.

Psychiatrists and clinicians say such symptoms, normal reactions to combat stress, can also be the antecedents of more serious and lingering conditions.

"Our aim here is to take a pre-emptive strike against the impact that the stress might have on our soldiers," said Major Scott Fairchild, director of clinical psychology at Fort Bragg's Womack Army Community Hospital.

"We realize that there will be the whole range of stresses and tolerance to the stresses and that there will be those who stuff those emotions without dealing with them. But our brains bring them back to us and, like the commercial says, 'Pay me now or pay me later.'"

The effort, which will eventually touch the lives of the nearly 6,000 soldiers at Fort Bragg and their families, has been applauded by psychiatrists and clinicians.

Dr. Harry Holloway, chairman of the psychiatry department at the Defense Department's Uniformed Services University of Health Sciences in

Bethesda, Maryland, said the effort was long overdue.

"To those Vietnam-era vets who question doing this now because Panama seemed so much milder, my answer to them is: 'So we screwed up with you guys. Why should we continue to screw up?' said Dr. Holloway, who treated Vietnam veterans.

Major Fairchild said the counseling at Fort Bragg involved trained small teams that often included an enlisted man, an officer and a chaplain or mental health specialist.

When the troops returned to Fort Bragg after the invasion of Panama on Dec. 20, team members joined them as they took part in routine activities on the base, rather than meeting them in hospitals or auditoriums. The team members talked informally with the soldiers about what happened to them and what they saw.

The hope, Fairchild said, was to get the soldiers to talk about their experiences among themselves as well as to others in the unit because "the best healing goes on right there in the unit."

Before the Vietnam War, what is now called post-traumatic stress disorder was known as "shell shock" or "battle fatigue."

Dr. Charles Marmar, associate professor of psychiatry at the University of California at San Francisco, who is director of the program at that city's Veterans Affairs Medical Center, said that in the past the problem had been dismissed by doctors as an affliction of the weak or morally inferior or of those who had problems before combat.

It was only in 1980 that the American Psychiatric Association recognized the condition that it now terms post-traumatic stress disorder, said Dr. Arthur Blank, director of Vietnam veterans' outreach programs for the Department of Veterans Affairs.

## U.S. House, Over Bush's Objections, Backs Uniform Voter Sign-Up Rules

By Michael Oreskes

New York Times Service

WASHINGTON—Over the objections of President George Bush and some other leading Republicans, the House of Representatives has approved legislation that proponents say would dramatically increase the number of Americans who are registered to vote. The vote was 289 to 132.

The legislation would establish national voter registration procedures that all states would have to follow, replacing the current patchwork of different procedures from state to state.

Specifically, the measure would require states to allow eligible citizens to register at the same time they get their driver's license. States would also be required to offer voter registration by mail and at the offices of state agencies.

A number of states already do one or more of these things. For example, 24 states and the District of Columbia have mail registration and 14 states have registration linked to motor vehicle procedures. But the legislation approved by the House would require all three procedures in all states.

The Senate Democratic leader, George J. Mitchell of Maine, said he intended to bring the measure

up in the Senate this year, but its prospects are unclear. Leading Republicans, like the minority leader, Senator Bob Dole of Kansas, have expressed opposition.

## U.S. Bill to Ease Absentee Voting

International Herald Tribune

WASHINGTON—Americans abroad who wish to vote in U.S. elections will no longer be required to have their voter registration forms notarized if legislation approved by the House of Representatives is enacted into law.

Americans overseas, especially those living far from a U.S. embassy or consulate, have found it difficult in the past to have their registration forms notarized.

The right to vote by absentee ballot was extended to Americans abroad in 1975. Subsequent legislation has removed possible tax liability for those who vote, instituted a federal post card registration form and a federal voting in ballot for those voters whose absentee ballots do not arrive in time and made other changes aimed at making it easier for Americans abroad to exercise their right to vote.

Some opponents questioned whether the U.S. government has the constitutional authority.

But the measure's chief sponsor, Representative Al Swift, Democrat of Washington, voiced certainty that the bill did not violate the Constitution, which authorizes the U.S. government to oversee the integrity of elections.

Proponents hailed the measure, which only applies to elections to U.S. office, as a major step toward increasing the lagging participation of Americans in their elections.

But critics, including officials of the Bush administration, said it would impose new costs and burdens on state election officials and could open the door for large-scale voter fraud.

Sixty-one Republicans joined 228 Democrats on Tuesday in voting for the legislation, which would take effect in January 1993. One hundred and eight Republicans and 24 Democrats voted against it.

Officials estimate that 60 million Americans who are eligible to vote are not registered. While there are a variety of reasons people do not vote, including apathy and outright rejection of the system, analysts say there are at least 6 million to 10 million people who would vote if registration were made easier.

## EUROPEAN TOPICS

## France to Rethink Loire Dam Projects

The French government said Wednesday that it would "re-examine" and "seek alternatives" to two of the four controversial projects to tame the country's longest river, the Loire, with a series of dams.

The secretary of state for environment, Brice Lalonde, said at a cabinet meeting that it was now doubtful whether work on the two dams would proceed.

"The Loire must remain a free and living river, where only its excesses are brought under control," he told ministers.

The dams have been planned for Serr-de-la-Fare, near the river's source in the mountains of the Massif Central in southeast France, and for Cambronchard on the Cher, a Loire tributary. Ecologists say that "domesticating" the river would destroy much of its wildlife.

In particular, they say, the upstream barrage would flood 14 kilometers (nine miles) of ravines. The dams are meant to prevent periodic flooding along the river's 1,012 kilometers, to provide more water for the state electricity company and to feed new irrigation reserves.

Mr. Lalonde said alternative solutions to the energy demands of farmers and industrialists would be considered. He called on locals to set up a group to monitor changes affecting the Loire and to create regional natural parks along the waterway.

## British Judge Links Sedative to Fantasies

A British dentist was acquitted of assaulting seven women patients after a judge ruled Monday that a sedative given to them in the surgery could have induced sexual fantasies.

Neil Larch, 32, was accused at Manchester Crown Court of touching the breasts of six women in his dentist's chair and sexually assaulting another after following her home.

But the judge, Sir Derek Hodgson, ordered the jury to acquit Dr. Larch after hearing evidence from a leading anesthetist, Professor Thomas Healey of Manchester University, that the sedative Valium, injected as a relaxant, could have caused the women to experience erotic fantasies.

The judge said he did not doubt that the women were telling what they believed to be the truth. "It is agreed each of the

women is giving what she believes to be an entirely accurate account," he said. "It is also clear there is a mounting body of evidence that patients under sedation from this class of drugs do sometimes experience sexual or erotic fantasies."

The British medical weekly The Lancet reported last month on research suggesting that drugs in the benzodiazepine group, including Valium, could cause sexual fantasies.

## Around Europe

A foundation created in Marseille is threatening to sue anyone who defames the city. The New Look foundation, grouping 30 local organizations, says it has 750 Marseille lawyers ready to spring into action if the southern French seaport's name is taken in vain.

Marseille's reputation as a city of gangsters did not improve when Jean-Jacques Paschard, mayor of one of the city's wards, was killed last month, apparently victim of a battle for the control of health clinics. "We will bring charges against anyone who defames Marseille, whether it's a journalist, a writer or a filmmaker, and especially if it's a local," a foundation spokesman said.

A monument to the 7,000 Jews who fought in the International Brigades during the Spanish Civil War will be erected on Montjuich hill in Barcelona on March 25. The monument is the brainchild of Dr. Lieberman, 80, a Belgian Jew and one of the 202 Jews living in Belgium in 1936 who joined the anti-fascist fighters. Thirty-three of them were killed and 12 later died in the Belgian war resistance against the Nazis.

The monument will consist of a stone 2 meters (2 yards) high, bearing the International Brigades' three-point star in light-colored granite, completed with three points in black marble, to form a Star of David.

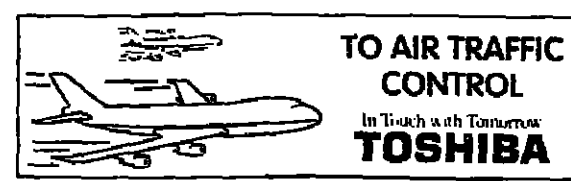
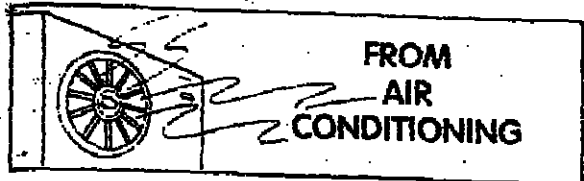
Some Dutch wondering about the meaning of life may decide to forgo expensive psychoanalytic sessions and consult a philosopher instead. A bureau for philosophical consultations was opened three years ago by Ad Hoogendijk in the town of Zeist, and a dozen other persons with degrees in philosophy have since set up offices. Mr. Hoogendijk, 39, got the idea from a West German philosopher, Gerd Aschenbach, who opened such a bureau in Cologne in 1982. Most of the philosophers' clients, who pay 100 guilders (\$53) for a 75-minute consultation, discuss their professional problems.

Sytse Looijen



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## INTERNATIONAL MANAGER

### Stressed-Out Executives Hire Personal Trainers

By Sherry Buchanan  
International Herald Tribune

LONDON — "Ready for a good walk in the park?" The trainer is not talking to a dog. He is talking to his executive client, who is in bad need of exercise but is too busy, preoccupied or uncoordinated to do it on his own. If animal trainers teach dogs to sit, walk, fetch and obey, personal trainers stress executives on how to stand, walk, breathe, stand up straight — most of them have long forgotten how to do anything else but sit at a desk, in the Concorde or in a limousine — and stretch muscles they no longer knew they had.

"Although I've been exercising for three years, if my trainer isn't there I just don't work out," said Dick Robertson, president of Warner Bros. Domestic TV Distribution in Burbank, California. Mr. Robertson built a gym in his house in Malibu and another in his Beverly Hills home once he discovered the joys of personal exercise after a difficult divorce. "For a lot of people, it's a new way of living," he said. "Maybe you don't live longer, but your quality of life is so different."

"There is nothing like having your trainer exercise you at your apartment," said Jeff Goldenberg, a broker at Goldman Sachs & Co. in New York City. This latest fad, which made its way from California to the East Coast of the United States, has now reached London. "Having a private trainer come to your house, seeing you in your natural habitat, tends to provide a more thorough fitness session," said Alex Moore, who works for an investment bank in the City of London. "It's much more relaxed." Mr. Moore goes regularly to a men's health club, and says, half in jest, that he got rid of some furniture in his elegant but small Chelsea duplex to clear more room to exercise. "I am now able to concentrate as soon I get out of bed, rather than having a numb brain for the first few hours at the office."

**'Personalized fitness is for the person who has the phone to his ear during sit-ups.'**

AFTER ATTENDING mass aerobics classes at spas and health clubs during the '80s, executives who can afford it say they prefer hiring trainers to come to their home or office to help with exercises tailored to individual needs. They like the attention and it fits in perfectly with their schedule. What could be nicer? said May Fringle, a trainer.

"They usually focus on things they never got to the spa," said Sally Jansen, an American trainer who has been in London for 10 years. "When you come to them, they can't escape it. You are the discipline they need because many high-pressure people are childlike in other areas."

"I walk in with the robe of a priest, it's like a confession," she says of her work. Her gentle but firm manner is meant to reassure rather than embarrass stiff executives who cannot touch their toes. "Personalized fitness is for the type of person who has the phone to his ear during sit-ups," said Josh Salzman, the American co-owner of an exercise consultancy. "Very few executives like the militaristic approach to exercise. You have to be firm rather than scream and yell." Bodifit by Salzman, started five years ago in London, has clients including John Cleese, of Monty Python and "A Fish Called Wanda," and Sir Gordon White, chairman of Hanson Industries P.L.C., and film producer Michael Winner.

One corporate favorite is the Sumo wrestler exercise: knees bent, back round, stomach muscles contracted, lift one leg, toe pointed forward, foot flexed. If other exercises don't make people look dumb, this one does — another reason for private sessions. Most executives who are interested in fitness, when asked, said they would enjoy a personal trainer. The only thing holding them back was cost. Two sessions a week at £35 (\$59.50) an hour costs the same as a business lunch for two in a nice restaurant — but business lunches are tax deductible or chargeable on the corporate credit card; so far, personalized trainers are not.

## Debts Mount in East European Nations

Reuters

BASEL, Switzerland — Most of East Europe's countries slipped deeper into debt to Western banks in the third quarter of 1989, as their struggling economies continued to soak up foreign capital, according to the West's clearing bank.

Figures released by the Bank for International Settlements show that the Soviet Union was the East's biggest borrower in the quarter. Adjusted for exchange rates, its foreign bank debt grew by \$1.58 billion, to \$42.06 billion, during those three months.

Gross debt in Czechoslovakia, Bulgaria, Hungary and Albania also rose, but the debts of other countries in the region declined when exchange rates were adjusted, the settlement bank reported.

BIS acts as the clearing house for the world's leading central banks and monitors the international flow of money among banks in major financial centers.

Banks reporting to BIS said their total lending to the region grew by \$1.93 billion, to \$91.80 billion, between the end of June and the end of September. The major Western banks loaned the region \$5.54 billion in the first half of 1989.

The Soviet Union's borrowing accounted for almost all of the loans to Eastern Europe during the quarter. Its foreign bank debt has risen by about \$9 billion in the 12 months ended last September, making its indebtedness roughly equal to that of Australia.

The Soviet Union also withdrew

## Money Flows in the International Banking Market

Origins of non-bank depositors in billions of U.S. dollars.  
(Related story on Page 13.)

	1983	1984	1987	1988	September (provisional) 1989
BIS Countries (Bank for International Settlements)	361.7	370.8	644.7	688.6	746.0
Developed Countries outside BIS	12.5	11.4	22.1	23.1	24.6
Eastern Europe	0.8	0.5	0.9	1.1	1.4
OPEC	55.1	55.2	62.6	67.6	69.5
Non OPEC Less Developed Countries	54.9	58.4	78.4	84.0	88.3
Of which: Latin America	37.2	40.7	51.4	55.7	58.9
International Institutions	5.6	6.0	9.7	9.8	10.3
Unallocated	41.7	46.9	72.6	80.7	87.3

Source: OECD

\$675 million in foreign deposits, bringing its total down to \$14.77 billion. In addition, its borrowing on international bond markets rose by \$500 million, to \$1.4 billion, in the quarter.

The next biggest borrower in the East during those three months was

Czechoslovakia, whose bank debt rose an adjusted \$223 million, to \$4.6 billion. Hungary's debt to banks reporting to BIS advanced by \$158 million, to \$11.4 billion, and Bulgaria's outstanding borrowing climbed by \$104 million, to \$7.48 billion.

Romania, which for years endured extreme hardship as the regime of the deposed dictator Nicolae Ceausescu pushed exports to pay off its foreign debt, remained the only net creditor in the region. It owed banks \$533 million, but had \$1.45 billion in deposits.

## West German Bonds Fall After Bonn's Union Offer

Compiled by Our Staff From Dispatches

FRANKFURT — West German bond prices tumbled Wednesday, dragging prices elsewhere in Europe down with them, as markets digested the inflationary implications of Bonn's offer to East Germany of monetary union.

European and Japanese stock prices also took a sharp fall. The West German government approved Chancellor Helmut Kohl's proposal, made Tuesday, that authorities in Bonn and East Berlin immediately pursue talks on a single German currency.

March bonds, or West German government bonds, opened at a record low and then fell further in hectic late morning trading on the London International Financial Futures Exchange. The March LIFFE contract collapsed to a low of 85.05, down 1.65 from Tuesday

and 2.93 from Friday. It closed open outcry trading at 85.18. "The market is reacting to uncertainty," said Steven Major, European bond economist at UBS/Phillips & Drew in London. "We don't know what the Bundesbank or the federal government have planned."

Bond prices in France followed suit, with the 8% percent OAT due 1999 dipping to 89.10 from 90.09 Tuesday. Gilts, as British government securities are known, also slipped to record lows as bearish bond sentiment drifted over into the gilt pit. March long gilts slid to 86.20/32, before edging back to last week's 86-26/32.

Uncertainties over the timing of German monetary union are likely to persist, dealers say, but they believe that when union is set up, it will produce new inflationary pressures in West Germany. "It might be a long way off, but the mere fact

that it's being discussed is damaging the market," said an economist. In Paris, the French bond-futures contract on the MATIF, the financial-futures market, fell below 100 for the first time since May 1988 in the early afternoon.

The March contract was quoted at 100.08, after touching a low of 99.96. The contract has breached several support points in the past two sessions, following the fall in West German cash and futures prices. It ended last week at 101.66.

German developments have underlined the bearish views of many in the French market, and come in the middle of the U.S. Treasury's quarterly refunding program. Dealers are worried that poor demand at the auction of 10- and 30-year U.S. bonds will force yields higher in New York and have a knock-on effect in European markets.

Fears of higher interest rates continued to weigh on French stock prices and were fanned by the weakness on MATIF. The CAC-40 index ended 21.09 points lower, at 1,895.24, as blue-chip issues registered sharp declines, but was above its low of 1,880.45.

On the Frankfurt stock market, prices ended broadly lower as the market continued to consolidate following recent gains, brokers said. The Dax index finished 37.62 points lower, at 1,900.10.

London stock prices retreated, leaving the Financial Times 100 share index ended 13.70 points lower, at 2,307.40. The French franc resisted the Deutsche mark's renewed strength against other currencies to close little changed, apparently aided by Bank of France intervention.

## Treasury Bonds Lure Investors With High Rates

By Lawrence Malkin  
International Herald Tribune

NEW YORK — Led by the Japanese, traders and investors bought up the latest issue of U.S. Treasury notes Wednesday, but only with the lure of substantially higher interest rates.

In the second day of a critical series of bond auctions, the Treasury had to pay an average of 8.59 percent interest to sell \$10 billion dollars worth of 10-year notes. This was at the high end of most estimates, and about two-thirds of a percentage point more than the rates on its 10-year notes last Nov. 10, when they yielded 7.94 percent.

Japanese buyers were reported to have taken up about 20 or 25 percent of the notes, compared with more than 30 percent at Tuesday's auction of three-year notes.

There were few low bids. In order to sell the issue, the Treasury had to accept 60 percent of the high, or stop-out, bids submitted by potential buyers.

"With the Germans now paying above 8 percent and everyone believing that Japanese interest rates are going higher, we're fighting a two-front war in America," said

Nicholas Sargen of Salomon Brothers.

Economists warned that the increased rates would put an additional squeeze on the already slowing U.S. economy, especially for buyers of houses and corporations borrowing money.

The bond auctions dominated the stock markets and sent Wednesday's averages down when all major markets opened. But they steadied after several hours of trading. After European markets closed, Wall Street stocks surged when it appeared the government was having a successful auction.

On Tuesday, the Treasury kicked off three days of auctions to borrow \$30 billion to finance the government's budget deficit. Three-year notes were sold on Tuesday, and 10-year notes on Wednesday.

A key test comes on Thursday, when the Treasury sells \$10 billion worth of 30-year bonds, long a favorite of the Japanese, whose purchases through most of the 1980s have helped keep a lid on U.S. interest rates.

But in the last month, U.S. rates have been driven up by more than half a percentage point through a combination of higher Japanese rates, the attraction of financial markets in West Germany, and the uncertain outlook for inflation in the United States. Fears that the Japanese would stay away from the auctions sent rates even higher.

The Treasury received more than \$34 billion in bids for \$10 billion worth of three-year notes on Tuesday. Successful bidders were sold notes at an average annual yield of 8.43 percent. At the last quarterly auction Nov. 9, the yield for three-year paper was 7.77 percent.

This represented a rise of what bond specialists call 66 basis points, or one-hundredths of a percentage point. It was the highest interest rate for three-year paper since last May.

When the smoke began to clear Wednesday morning, bond dealers estimated that Japanese finance houses had bought 30 to 40 percent of the three-year issue — but that they quickly unloaded most of it at a small loss.

On Wednesday, three-year paper was trading at 8.45 percent, which

See BONDS, Page 10

## CURRENCY RATES

Currency	Per \$	Per £	Per ¥	Per SFR	Per ECU	Per DM
Australian dollar	1.37	1.37	1.37	1.37	1.37	1.37
Belgian franc	36.36	36.36	36.36	36.36	36.36	36.36
British pound	1.00	1.00	1.00	1.00	1.00	1.00
Canadian dollar	0.75	0.75	0.75	0.75	0.75	0.75
Deutsche mark	1.93	1.93	1.93	1.93	1.93	1.93
French franc	6.55	6.55	6.55	6.55	6.55	6.55
Italian lira	2036	2036	2036	2036	2036	2036
Japanese yen	161	161	161	161	161	161
Swiss franc	1.73	1.73	1.73	1.73	1.73	1.73
U.S. dollar	1.00	1.00	1.00	1.00	1.00	1.00

Source: Reuters. All rates are for 100 units of foreign currency against 1 U.S. dollar. Rates are for New York closing rates. All rates are for 100 units of foreign currency against 1 U.S. dollar. Rates are for New York closing rates.

## INTEREST RATES

Currency	30-day	60-day	90-day	12-month	30-day	60-day	90-day	12-month
U.S. Treasury bill	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
U.S. Treasury note	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
U.S. Treasury bond	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
U.S. Treasury bill	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
U.S. Treasury note	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
U.S. Treasury bond	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50

Source: All Reuters except ECU: U.S. Treasury. Rates are for New York closing rates. All rates are for 100 units of foreign currency against 1 U.S. dollar. Rates are for New York closing rates.

## Key Money Rates

Currency	30-day	60-day	90-day	12-month	30-day	60-day	90-day	12-month
U.S. Treasury bill	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
U.S. Treasury note	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
U.S. Treasury bond	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
U.S. Treasury bill	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
U.S. Treasury note	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
U.S. Treasury bond	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50

Source: All Reuters except ECU: U.S. Treasury. Rates are for New York closing rates. All rates are for 100 units of foreign currency against 1 U.S. dollar. Rates are for New York closing rates.

## Why French Are Lagging in the Great Rush East

Reuters

PARIS — Officially, France sees upheaval in Eastern Europe as a great commercial opportunity. Unofficially, ancient fears of German economic domination have resurfaced: the French worry that in the end, they may be big losers.

Not only are French companies dragging their feet in the rush East, but the prospect of a West German economic boom points to a widening growth gap with France and a greater role for the Deutsche mark in the European Community's monetary union.

"The events in the East will reinforce the polarization of the EMS around the mark," said Christian de Boissieu, a professor at the University of Paris, at a conference on the economic impact of the upheaval in Eastern Europe.

To dilute growing West German influence, France should push for quicker implementation of the Delors report on European economic and monetary union, named for Jacques Delors, head of the Community's executive Commission. "It's the only way for France to live with this asymmetry," Mr. de Boissieu said.

Jean-Paul Fitoussi of the Observatoire Français des Conjonctures Economiques, an independent research group, has tried to quantify how much West Germany stands to gain.

East European changes are likely to boost West Germany's gross national product by an additional 3.5 percentage points by 1993, while the rest of the European Community would grow by only an extra 1.5 points, he told the conference.

Finance Minister Pierre Bérégovoy of France says he is not worried by the growing momentum for German monetary union, calling it inevitable. But he said that he expected to be consulted by Bonn on its offer to hold immediate talks on monetary union.

For reasons of history, geography, language and industrial strength, France is not as well placed as West Germany for the race East. French exports to centrally planned economies have been running at about three billion francs (\$533 million) a month, around 3 percent of total exports. But this is barely one-fifth of West German exports to the region.

Raymond Courbis, director of the economic research firm GAMA, said France is unable to capitalize fully on bigger market opportunities because its industry is already running flat out. "The impact on the French economy will be limited because of capacity constraints," he said.

Nor are French companies rushing into joint ventures or direct investment in Eastern Europe.

Among the best-publicized deals, the state-owned computer group Compagnie des Machines Bull is investing 600 million francs in Hungary; the construction giant Bouygues is building a hospital near Moscow; and the hotel concern Accor is venturing into the Soviet Union, Poland and Hungary.

But French plans pale beside those of West German firms, which have already announced plans to pour billions of marks into East Germany and other East European economies. The vehicle maker Renault has signed a draft accord to assemble vans in Czechoslovakia from the end of 1992, but the chairman Raymond Lévy is cautious about East bloc business prospects. "We're not going to rush in," he said.

French food-industry executives are not keen either, even though East European consumers have been starved of the sort of fine food for which France is famous.

Lionel Zinzoun-Derlin, strategy and development director at the food conglomerate BSN, said his company is exploring opportunities in Eastern Europe, especially East Germany. But he sees a host of barriers to overcome — lack of skilled labor, poor distribution networks, an irrational price system and the risk that latent hyperinflation may spark social unrest.

On the trade front, the Bush administration is seeking a Soviet commitment to protecting U.S. patented products against piracy; a bilateral method of settling commercial disputes through arbitration; provisions that allow each country to impose temporary trade restrictions if an industry is injured by an unexpected surge of imports; exemptions from terms of the pact for national-security reasons; and a clause assuring foreign companies the right to do business and open offices.

A separate investment agreement is being negotiated on a slower timetable, the administration official said. And the United States and its allies are considering easing restrictions on the sale of technology to the Soviet Union and Eastern nations.

Klaus and Pöhl in Talks  
Czechoslovakia's finance minister, Václav Klaus, met Wednesday with Bundesbank President Karl Otto Pöhl and other members of the West German central bank's board to discuss current economic and monetary issues. Reuters reported from Frankfurt.

The talks centered on the rapid transition from planned to market economies in Eastern Europe and the key role that could be played by a monetary policy geared toward price stability, the Bundesbank said in a statement.

It was the first time a Czech finance minister had visited the Bundesbank, a bank spokesman said.

## U.S. and Soviets Seek Broad Trade Pact

By Stuart Auerbach  
Washington Post Service

WASHINGTON — The United States and the Soviet Union will start high-level trade talks Monday, the government announced Wednesday. Negotiators will seek the time-honored mission of concluding a broad agreement that will revive normal commercial relations between the countries and end more than a decade of what Moscow regards as U.S. economic warfare against it.

The agreement will fulfill a pledge made by Presidents George Bush and Mikhail S. Gorbachev at their Malta meeting in December to use increased Western trade and investment to help revitalize the stagnant Soviet economy and to help the Soviet Union become a major player in the world economy.

The initial results of a U.S.-Soviet trade agreement are expected to be largely political: to provide some tangible support for Mr. Gorbachev's policies of political openness and economic liberalization.

But a senior administration official said: "I don't accept that trade will not increase substantially over current levels, which are very low."

U.S.-Soviet trade amounts to less than \$5 billion a year, less than one-third of U.S. trade with China. The United States holds an overwhelming trade advantage over the Soviet Union. U.S. sales total nearly \$4 billion, compared with about \$700 million in sales of Soviet goods. Nearly three-fourth of U.S. exports are farm products, while

Soviet exports are led by sales of crude oil and platinum. A major objective of Moscow's foreign policy has been the normalization of trade relations with the United States, especially the gaining of lower tariffs for Soviet goods through most-favored-nation status.

Since Congress passed the Jackson-Vanik Amendment in 1974, the United States has withheld most-favored-nation privileges — which are given to most other nations — from about an end to Soviet restrictions on emigration.

The Soviet Union has not passed the new emigration legislation they promised last year. But they have relaxed barriers to the point that Soviet citizens seeking visas have overwhelmed U.S. consular officials in Moscow. The flow of Soviet Jews to Israel has increased to the degree that it is creating settlement problems there.

Completion of a trade agreement is needed before Mr. Bush will grant the Soviets most-favored-nation status. For their part, the Soviets have said they will not approve a new grain agreement with the United States until they gain the status, a

senior administration official said. Such an agreement is considered important to American farmers of wheat, corn and soybeans.

It is an indication of Moscow's serious intent that it has decided to start the talks at a political level, sending Yuri N. Chumakov, deputy minister for foreign economic

relations, to Washington to meet with Julius L. Katz, deputy trade representative.

Mr. Gorbachev wants the Soviets to be able to sell more of their products, unhampered by high tariffs, in the United States. He also wants an end to restrictions on Soviet purchases of Western technology, viewing such purchases as necessary to revitalize the economy.

U.S. officials said they hoped the talks would be completed by the end of April, well before the Bush-Gorbachev meeting.

The United States will seek a three-year pact, with annual presidential waivers of the Jackson-Vanik Amendment. The Soviets will seek the repeal of the amendment, to create greater confidence among business executives that trade relations will remain stable.

## Mitterrand Says Firms 'Lack Daring' Abroad

Reuters

PARIS — President François Mitterrand told a cabinet meeting Wednesday that most French exporters lack the daring and imagination needed to conquer foreign markets, said the government spokesman, Louis Le Pen.

Mr. Mitterrand showed "a certain impatience" when commenting about the failures of many French businessmen in both big and small firms who had tried to boost foreign sales, Mr. Le Pen said.

The regular weekly cabinet meeting was reviewing the deterioration in the 1989 trade deficit that was announced last week. Seasonally adjusted figures showed a 45.74 billion franc (\$8.12 billion) deficit last year, against 32.74 billion in 1988.

The foreign trade minister, Jean-Marie Rausch, said continued high investment in capital goods was needed to cut bottlenecks in certain industries, despite the immediate impact this could have on imports, according to an official statement on the meeting.

French firms have been heavily investing in foreign capital goods, widening the manufacturing-sector trade deficit. Large purchases of machine tools from Japan and West Germany, for example, together with the move last year into deficit on trade in military hardware, from an earlier small surplus, have added to the pressure.

Capacity constraints have developed, notably in the intermediate-goods and car sectors, due to strong French economic growth and external demand, the statement noted.

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A dividend of \$US 0.30 per share has been declared payable on or after February 15th, 1990 upon surrender of coupon No 6 to shares outstanding on February 2nd, 1990. As from the latter date, the shares will be traded ex-dividend.

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## MARKET DIARY

Via Associated Press Feb. 7

## European Commodities

Commodity	Unit	High	Low	Settle	Prev.
LONDON COCOA	metric ton				
Mar	611	612	609	610	609
Apr	609	610	607	608	607
May	607	608	605	606	605
Jun	605	606	603	604	603
Jul	603	604	601	602	601
Aug	601	602	599	600	599
Sep	599	600	597	598	597
Oct	597	598	595	596	595
Nov	595	596	593	594	593
Dec	593	594	591	592	591
Volume: 1,112 lots of 10 tons.					

Commodity	Unit	High	Low	Settle	Prev.
LONDON COFFEE	metric ton				
Mar	52	53	51	52	51
Apr	51	52	50	51	50
May	50	51	49	50	49
Jun	49	50	48	49	48
Jul	48	49	47	48	47
Aug	47	48	46	47	46
Sep	46	47	45	46	45
Oct	45	46	44	45	44
Nov	44	45	43	44	43
Dec	43	44	42	43	42
Volume: 2,002 lots of 5 tons.					

Commodity	Unit	High	Low	Settle	Prev.
GASOLIN	U.S. dollars per barrel				
Mar	100.00	100.00	99.00	99.50	99.50
Apr	99.50	99.50	98.50	99.00	99.00
May	99.00	99.00	98.00	98.50	98.50
Jun	98.50	98.50	97.50	98.00	98.00
Jul	98.00	98.00	97.00	97.50	97.50
Aug	97.50	97.50	96.50	97.00	97.00
Sep	97.00	97.00	96.00	96.50	96.50
Oct	96.50	96.50	95.50	96.00	96.00
Nov	96.00	96.00	95.00	95.50	95.50
Dec	95.50	95.50	94.50	95.00	95.00
Volume: 10,710 lots of 100 barrels.					

Commodity	Unit	High	Low	Settle	Prev.
PARIS SUGAR	metric ton				
Mar	2,415	2,416	2,414	2,415	2,414
Apr	2,414	2,415	2,412	2,414	2,413
May	2,413	2,414	2,410	2,413	2,412
Jun	2,412	2,413	2,409	2,412	2,411
Jul	2,411	2,412	2,408	2,411	2,410
Aug	2,410	2,411	2,407	2,410	2,409
Sep	2,409	2,410	2,406	2,409	2,408
Oct	2,408	2,409	2,405	2,408	2,407
Nov	2,407	2,408	2,404	2,407	2,406
Dec	2,406	2,407	2,403	2,406	2,405
Volume: 1,204,000 tons.					

Commodity	Unit	High	Low	Settle	Prev.
SPOT COMMODITIES					
Aluminum, lb		0.472	0.471	0.472	0.471
Copper, lb		1.12	1.11	1.12	1.11
Gold, \$/oz		372.00	371.00	372.00	371.00
Iron, lb		0.0000	0.0000	0.0000	0.0000
Lead, lb		0.0000	0.0000	0.0000	0.0000
Nickel, lb		0.0000	0.0000	0.0000	0.0000
Platinum, lb		0.0000	0.0000	0.0000	0.0000
Silver, lb		0.0000	0.0000	0.0000	0.0000
Steel (hot), lb		0.0000	0.0000	0.0000	0.0000
Steel (cold), lb		0.0000	0.0000	0.0000	0.0000
Timber, lb		0.0000	0.0000	0.0000	0.0000
Zinc, lb		0.0000	0.0000	0.0000	0.0000

Commodity	Unit	High	Low	Settle	Prev.
ALUMINUM (LME)	metric ton				
Mar	1,410.00	1,410.00	1,400.00	1,405.00	1,405.00
Apr	1,405.00	1,405.00	1,395.00	1,400.00	1,400.00
May	1,400.00	1,400.00	1,390.00	1,395.00	1,395.00
Jun	1,395.00	1,395.00	1,385.00	1,390.00	1,390.00
Jul	1,390.00	1,390.00	1,380.00	1,385.00	1,385.00
Aug	1,385.00	1,385.00	1,375.00	1,380.00	1,380.00
Sep	1,380.00	1,380.00	1,370.00	1,375.00	1,375.00
Oct	1,375.00	1,375.00	1,365.00	1,370.00	1,370.00
Nov	1,370.00	1,370.00	1,360.00	1,365.00	1,365.00
Dec	1,365.00	1,365.00	1,355.00	1,360.00	1,360.00
Volume: 10,710 lots of 100 barrels.					

Commodity	Unit	High	Low	Settle	Prev.
COPPER (LME)	metric ton				
Mar	1,410.00	1,410.00	1,400.00	1,405.00	1,405.00
Apr	1,405.00	1,405.00	1,395.00	1,400.00	1,400.00
May	1,400.00	1,400.00	1,390.00	1,395.00	1,395.00
Jun	1,395.00	1,395.00	1,385.00	1,390.00	1,390.00
Jul	1,390.00	1,390.00	1,380.00	1,385.00	1,385.00
Aug	1,385.00	1,385.00	1,375.00	1,380.00	1,380.00
Sep	1,380.00	1,380.00	1,370.00	1,375.00	1,375.00
Oct	1,375.00	1,375.00	1,365.00	1,370.00	1,370.00
Nov	1,370.00	1,370.00	1,360.00	1,365.00	1,365.00
Dec	1,365.00	1,365.00	1,355.00	1,360.00	1,360.00
Volume: 10,710 lots of 100 barrels.					

Commodity	Unit	High	Low	Settle	Prev.
NICKEL (LME)	metric ton				
Mar	1,410.00	1,410.00	1,400.00	1,405.00	1,405.00
Apr	1,405.00	1,405.00	1,395.00	1,400.00	1,400.00
May	1,400.00	1,400.00	1,390.00	1,395.00	1,395.00
Jun	1,395.00	1,395.00	1,385.00	1,390.00	1,390.00
Jul	1,390.00	1,390.00	1,380.00	1,385.00	1,385.00
Aug	1,385.00	1,385.00	1,375.00	1,380.00	1,380.00
Sep	1,380.00	1,380.00	1,370.00	1,375.00	1,375.00
Oct	1,375.00	1,375.00	1,365.00	1,370.00	1,370.00
Nov	1,370.00	1,370.00	1,360.00	1,365.00	1,365.00
Dec	1,365.00	1,365.00	1,355.00	1,360.00	1,360.00
Volume: 10,710 lots of 100 barrels.					

Commodity	Unit	High	Low	Settle	Prev.
STEEL (LME)	metric ton				
Mar	1,410.00	1,410.00	1,400.00	1,405.00	1,405.00
Apr	1,405.00	1,405.00	1,395.00	1,400.00	1,400.00
May	1,400.00	1,400.00	1,390.00	1,395.00	1,395.00
Jun	1,395.00	1,395.00	1,385.00	1,390.00	1,390.00
Jul	1,390.00	1,390.00	1,380.00	1,385.00	1,385.00
Aug	1,385.00	1,385.00	1,375.00	1,380.00	1,380.00
Sep	1,380.00	1,380.00	1,370.00	1,375.00	1,375.00
Oct	1,375.00	1,375.00	1,365.00	1,370.00	1,370.00
Nov	1,370.00	1,370.00	1,360.00	1,365.00	1,365.00
Dec	1,365.00	1,365.00	1,355.00	1,360.00	1,360.00
Volume: 10,710 lots of 100 barrels.					

Commodity	Unit	High	Low	Settle	Prev.
ZINC (LME)	metric ton				
Mar	1,410.00	1,410.00	1,400.00	1,405.00	1,405.00
Apr	1,405.00	1,405.00	1,395.00	1,400.00	1,400.00
May	1,400.00	1,400.00	1,390.00	1,395.00	1,395.00
Jun	1,395.00	1,395.00	1,385.00	1,390.00	1,390.00
Jul	1,390.00	1,390.00	1,380.00	1,385.00	1,385.00
Aug	1,385.00	1,385.00	1,375.00	1,380.00	1,380.00
Sep	1,380.00	1,380.00	1,370.00	1,375.00	1,375.00
Oct	1,375.00	1,375.00	1,365.00	1,370.00	1,370.00
Nov	1,370.00	1,370.00	1,360.00	1,365.00	1,365.00
Dec	1,365.00	1,365.00	1,355.00	1,360.00	1,360.00
Volume: 10,710 lots of 100 barrels.					

Commodity	Unit	High	Low	Settle	Prev.
SOYBEAN OIL (CBOT)	metric ton				
Mar	1,410.00	1,410.00	1,400.00	1,405.00	1,405.00
Apr	1,405.00	1,405.00	1,395.00	1,400.00	1,400.00
May	1,400.00	1,400.00	1,390.00	1,395.00	1,395.00
Jun	1,395.00	1,395.00	1,385.00	1,390.00	1,390.00
Jul	1,390.00	1,390.00	1,380.00	1,385.00	1,385.00
Aug	1,385.00	1,385.00	1,375.00	1,380.00	1,380.00
Sep	1,380.00	1,380.00	1,370.00	1,375.00	1,375.00
Oct	1,375.00	1,375.00	1,365.00	1,370.00	1,370.00
Nov	1,370.00	1,370.00	1,360.00	1,365.00	1,365.00
Dec	1,365.00	1,365.00	1,355.00	1,360.00	1,360.00
Volume: 10,710 lots of 100 barrels.					

Commodity	Unit	High	Low	Settle	Prev.
SOYBEAN MEAL (CBOT)	metric ton				
Mar	1,410.00	1,410.00	1,400.00	1,405.00	1,405.00
Apr	1,405.00	1,405.00	1,395.00	1,400.00	1,400.00
May	1,400.00	1,400.00	1,390.00	1,395.00	1,395.00
Jun	1,395.00	1,395.00	1,385.00	1,390.00	1,390.00
Jul	1,390.00	1,390.00	1,380.00	1,385.00	1,385.00
Aug	1,385.00	1,385.00	1,375.00	1,380.00	1,380.00
Sep	1,380.00	1,380.00	1,370.00	1,375.00	1,375.00
Oct	1,375.00	1,375.00	1,365.00	1,370.00	1,370.00
Nov	1,370.00	1,370.00	1,360.00	1,365.00	1,365.00
Dec	1,365.00	1,365.00	1,355.00	1,360.00	1,360.00
Volume: 10,710 lots of 100 barrels.					

Commodity	Unit	High	Low	Settle	Prev.
SOYBEAN OIL (CBOT)	metric ton				
Mar	1,410.00	1,410.00	1,400.00	1,405.00	1,405.00
Apr	1,405.00	1,405.00	1,395.00	1,400.00	1,400.00
May	1,400.00	1,400.00	1,390.00	1,395.00	1,395.00
Jun	1,395.00	1,395.00	1,385.00	1,390.00	1,390.00
Jul	1,390.00	1,390.00	1,380.00	1,385.00	1,385.00
Aug	1,385.00	1,385.00	1,375.00	1,380.00	1,380.00
Sep	1,380.00	1,380.00	1,370.00	1,375.00	1,375.00
Oct	1,375.00	1,375.00	1,365.00	1,370.00	1,370.00
Nov	1,370.00	1,370.00	1,360.00	1,365.00	1,365.00
Dec	1,365.00	1,365.00	1,355.00	1,360.00	1,360.00
Volume: 10,710 lots of 100 barrels.					

Commodity	Unit	High	Low	Settle	Prev.
SOYBEAN OIL (CBOT)	metric ton				
Mar	1,410.00	1,410.00	1,400.00	1,405.00	1,405.00
Apr	1,405.00	1,405.00	1,395.00	1,400.00	1,400.00
May	1,400.00	1,400.00	1,390.00	1,395.00	1,395.00
Jun	1,395.00	1,395.00	1,385.00	1,390.00	1,390.00
Jul	1,390.00	1,390.00	1,380.00	1,385.00	1,385.00
Aug	1,385.00	1,385.00	1,375.00	1,380.00	1,380.00
Sep	1,380.00	1,380.00	1,370.00	1,375.00	1,375.00
Oct	1,375.00	1,375.00	1,365.00	1,370.00	1,370.00
Nov	1,370.00	1,370.00	1,360.00	1,365.00	1,365.00
Dec	1,365.00	1,365.00	1,355.00	1,360.00	1,360.00
Volume: 10,710 lots of 100 barrels.					



## Cockerill Buying Ymos Stake

### European Expansion Foreseen for Auto-Parts Alliance

FRANKFURT — The Belgian steelmaker Cockerill Sambre SA is taking a majority stake in Ymos AG, the West German automotive supplier announced Wednesday.

Ymos, which had sales of 637 million Deutsche marks (\$385.3 million) in the year ended June 30, 1989, did not disclose the size of the stake or the financial terms. But an official of Morgan Stanley GmbH, which is advising Cockerill on the deal, said Cockerill would take 50 percent of Ymos's capital and over 75 percent of its voting rights.

Cockerill, noting that the deal is part of its diversification, said the companies together would be able to "penetrate new markets in Europe" — including, presumably, in technology-hungry Eastern Europe. Ymos management board chairman Thomas Becker said the Cockerill investment would enable Ymos to expand its operations outside West Germany.

The Belgian concern said the arrangement would benefit Ymos because Cockerill is an important supplier to the automotive industry. Cockerill said the deal was an important step in its industrial diversification after acquisitions in the services sector, such as in data processing and process engineering. Analysts said the move could herald further acquisitions.

Ymos executives said Cockerill's stake would come from Ymos's 20 founding families, which control more than 75 percent of the ordinary voting rights. They said Ymos had no plans for a capital increase involving preference shares.

## A Gallimard Seeks to Resolve Feud

PARIS — Christian Gallimard, one-time heir-apparent of the French publishing dynasty, sought on Wednesday to settle a family feud that threatens the future of France's largest independent publisher, his sister said.

His peace offering — a plan for a share redistribution — came after the mother of the four squabbling Gallimard children, broke her silence to make a public appeal for an end to the infighting.

"Gallimard is the greatest publishing house of all time and of any country," Simone Gallimard told the daily newspaper, *Le Figaro*. "Both my sons have publishing in their blood and its prestige is so great that they could both run it."

"My sons have no choice now but to agree," Mrs. Gallimard said, calling for a peace settlement between Christian and his younger brother, Antoine, who is Gallimard's chief executive. "I urge them not to love each other but to work together."

Christian Gallimard, 46, was ousted from the company by his father in 1983. His brother Antoine, 42, later became chief executive, and raised his stake to 33 percent from 12.5 percent — a move that was bitterly contested by Christian, who like his two sisters, owns 12.5 percent of the firm.

On Wednesday, Christian proposed a redistribution of Gallimard shares within the family, his sister Françoise said.

In her statement on Wednesday, Françoise said: "On my brother Christian's initiative, an attempt to reach a global family arrangement is under way. I am delighted because it is based on a return to equal shares between brothers and sisters."

The Gallimard chief executive was not immediately available for comment.

Christian and Antoine have been locked in a battle for control of the company since Christian was ousted by Antoine and his father, Claude. All together, the Gallimards control 82 percent of the 79-year-old publishing house.

Saying she was fed up with the fighting, Françoise late last month offered to sell her stake to either one of the brothers. But the price she set on the recommendation of a New York investment bank was so high that clan members could only afford to buy her out with the help of outside partners.

The bank, Henry Ansbacher Inc., valued the group at \$315 million.

Although it does not publish financial details, Gallimard's turnover is estimated at \$164 million.

## Lloyd Webber Buys Shares

Agence France-Press

LONDON — The composer Andrew Lloyd Webber said Wednesday he would buy back shares in his Really Useful Group and take it off the London stock exchange after only four years of listing.

Mr. Lloyd Webber, whose productions include the musicals "Jesus Christ Superstar," "Evita," "Cats" and "Phantom of the Opera," said he had bought back Robert Maxwell's 14.4 percent stake in the production company.

He was offering £36 million (\$61 million) to acquire the rest of the shares.

He said he wanted to take the company off the stock market and focus on film production, a sector he said was not compatible with the aims of seeing a regular increase in the group's profits.

The musicals currently bringing in money "cannot be relied upon to support the existing share price and dividend stream indefinitely," he added.

"We never succeeded in diversifying successfully enough and the business was too dependent on my work."

Mr. Lloyd Webber currently holds 52.5 percent of Really Useful shares, and is offering minority shareholders 233 pence a share, the same price he paid Mr. Maxwell and more than double the stock's worth when it was introduced on the London market in January 1986.

Really Useful shares rose 10 pence to 228 in afternoon trading in London on Wednesday.

Mr. Maxwell, who took a stake in Really Useful only six months ago, has seen his £10.1 million grow by £1 million.

## Bermuda Firm Increases Stake In Christie's

Reuters

LONDON — Christie's International PLC said Wednesday it had been notified by Bermuda-based ADT Ltd. that it had increased its stake in the art auction house to 8.5 percent of total share capital.

Christie's shares immediately jumped 10 pence (17 cents) to 318 pence on the London Stock Exchange.

ADT, an automobile and security-equipment auction company, now owns 14.7 million of Christie's ordinary shares, or 9.55 percent.

On May 15, ADT said it held 5.6 percent of the increasing profitable Christie's ordinary share capital, and 4.5 percent of its total equity.

## Paribas to Buy Control Of French Food Firm

PARIS — Compagnie Financière de Paribas said Wednesday that it had agreed to buy a 54 percent stake in the food concern Ets. Guyomarch SA for around 1.5 billion French francs (\$265 million).

Paribas also will offer 564 francs per share to all Guyomarch shareholders between Feb. 9 and March 1, the French stock exchange association said on Wednesday.

Paribas bought the 54 percent stake from commodities trading group Louis Dreyfus, a Paribas statement said.

Paribas added that it would pay 564 francs per share, valuing the whole of Guyomarch at 2.8 billion francs.

Guyomarch, based in Vannes in northwestern France, is a processor of chickens and turkeys and a producer of animal feed stuffs, pet foods, genetics, meat flavors and other products for the food industry.

Guyomarch makes and sells the Royal Canine brand of dog food, among other products. It has units in Spain, Brazil, Canada and the Ivory Coast, as well as in France.

The offer for the rest of Guyomarch was made because under French law, when control of a company changes due to a block share transaction, the bidder is obliged to offer the same price to minority shareholders.

Guyomarch's shares were suspended on the Paris second market Wednesday, pending the announcement, at 564 francs.

The price of the purchase represents a price-earnings ratio of 18.8 on the basis of expected results for 1990, the Paribas statement said.

Guyomarch reported turnover in 1989 of 7.7 billion francs and a net profit attributable to shareholders of 111.7 million francs.

Paribas already owns several food industry firms with a combined market capitalization of around 2 billion francs, a Paribas spokesman said.

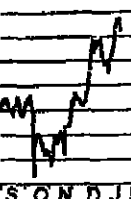
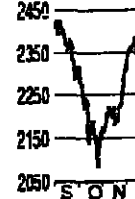
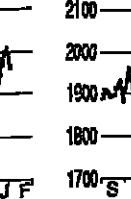
The company also owns a 2 percent stake in the giant Italian agricultural and food-processing concern, Ferruzzi Finanziaria SpA, which has wide interests in France.

The international banking company sought last year to acquire control of Compagnie de Navigation Mixte, a diversified food, transportation and insurance concern. The hostile bid, initially valued at 22 billion francs, was unsuccessful, however. Paribas acquired only 40 percent of the concern.

The big merchant bank's management came under criticism from shareholders and some analysts for the failed bid, which left Paribas holding a large and expensive stake in Mixte without being able to have a say in its management.

At the same time, Mixte has acquired shares in Paribas, raising its stake in the bank to 20 percent.

## Investor's Europe

Frankfurt Commerzbank		London F.T. 100 Index		Paris C.A.C. 40	
					
S O N D J F 1988 1990		S O N D J F 1988 1990		S O N D J F 1988 1990	
Exchange	Index	Wednesday Close	Prev. Close	% Change	
Amsterdam	CBS General	110.10	111.90	-1.61	
Brussels	Stock Index	6164.78	6199.59	-0.56	
Frankfurt	Commerzbank	2322.80	2370.80	-2.02	
Frankfurt	DAX	1900.10	1937.72	-1.94	
Helsinki	UNITAS	670.80	671.60	-0.15	
London	Financial Times 30	1826.20	1835.60	-0.51	
London	FT-SE 100	2307.40	2321.10	-0.59	
Madrid	General Index	288.27	291.35	-1.06	
Milan	MIB	991	999	-0.80	
Paris	CAC 40	1895.24	1916.33	-1.10	
Stockholm	Affarsvaeriden	1209.90	1225.30	-1.26	
Zurich	SBS	652.00	657.00	-0.78	

Source: Datastream, AFP

International Herald Tribune



12 Month High Low Stock Div Yld PE S&P 100s High Low 4 P.M. Chg

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12 Month	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
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Month	New Titles Published
JAN	10
FEB	8
MAR	6
APR	4

**NY**  
Wednesday  
The New York Times  
Published daily except on Sundays and public holidays  
Subscription price \$10.00 per year in advance  
Single copy price 10 cents  
Printed at the New York Times Building, 15 E. 57th St., New York 22, N.Y.  
Telephone: MU 2-1212  
Cable: NY 10-1000  
Second-class postage paid at New York, N.Y.  
Postmaster: Please send address changes to The New York Times, 15 E. 57th St., New York 22, N.Y.

**WORLD**  
Société s'im  
2 Boule  
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Shareholders are hereby

**ANNUAL**

of shareholders of our com-  
pany, to be held on the 15th day of  
1996 at 11:00 a.m. for the following agenda:

1. Submission of the report of the Independent A
2. Approval of the Statement of the Shareholders of November 30, 1995
3. Allocation of the dividends
4. Discharge to the Directors
5. Receipt of and action of the Independent A
6. Miscellaneous.

Resolutions on the agenda are on a non-voting basis and will be taken by the shareholders present.

In order to attend the meeting, shareholders will have to bear: shares will have to be deposited at the registered office of the company.

**BANQUE INTERNATIONALE**

2, Boulevard



## Third World Exporters Fault U.S. Textile Plan As More Restrictive

GENEVA — The Third World's top exporting nations have complained that a U.S. plan to phase out curbs on global trade in textiles and clothing is flawed because, in its early stages, it would impose more restrictions than now exist.

Washington's proposals would also protect domestic industries in advanced countries from foreign competition and could cause dislocation and uncertainties in the world market, they said.

The complaints by the 21-nation International Textiles and Clothing Bureau were made at a meeting of the textiles negotiating group at the Uruguay Round of trade talks, being held under the auspices of the General Agreement on Trade and Tariffs.

In a paper put before the group on Monday, the United States proposed phasing out restrictions on world textile trade over 10 years and bringing this sensitive, multi-billion-dollar sector under strengthened GATT rules.

The U.S. plan foresees a transition period beginning Jan. 1, 1992, with import curbs being gradually lifted in annual installments through a system of global quotas or tariff rate quotas.

The ITCB statement, presented Tuesday and obtained Wednesday, said that under the global quota plan "many supplying countries and products which are presently unstrained will also be covered by it."

"The global quotas will increase competition among the supplying countries, but the domestic industry will continue to be protected by the global quotas and be insulated from competition and market forces."

"Furthermore, the changeover from the present system to an entirely different one in the transition period could lead to dislocation

and uncertainties in the market," the ITCB said.

The ITCB comprises Argentina, Bangladesh, Brazil, China, Colombia, Egypt, El Salvador, Hong Kong, India, Indonesia, Jamaica, Macao, Maldives, Mexico, Pakistan, Peru, South Korea, Sri Lanka, Turkey, Uruguay and Yugoslavia.

In Hong Kong, Robert Footman, deputy director-general of the colony's Trade Department, said Wednesday he has strong reservations about the U.S. plan "because of the uncertainty it represents by proposing a completely new regime."

"We should lift the existing restraints by increasing growth rates and flexibilities in the trade rather than changing it from one form of restraint through bilateral agreements to another form of restraint in a global manner," he said.

Hong Kong is the world's largest textile and clothing exporter by value. About half the world trade in textiles and clothing, estimated by the Geneva-based GATT to have totaled \$177 billion in 1988, is governed by the Multi-Fiber Arrangement.

This 51-nation accord allows advanced states to protect their textile industries from the cheaper imports of developing countries through individual pacts limiting foreign deliveries, of which 114 are now in effect, according to GATT.

A major aim of Third World textile exporters at the four-year Uruguay Round bargaining is to open the markets of industrialized countries for their products. The Uruguay talks, covering 15 sectors of trade, are to end next December.

Some would like to see the MFA scrapped when the present pact expires in July 31, 1991, with all textile and clothing trade brought under GATT's free trade rules.

## U.S. Could Walk Away From GATT, Hills Says

WASHINGTON — U.S. Trade Representative Carla Hills said that the United States would rather walk away from GATT liberalization talks in Geneva than reach an agreement that was not in its best interests.

But she said in testimony before the Senate Finance Committee that progress was being made in several key fields, including ending farm-export subsidies and bringing services and investments and intellectual property protection under GATT authority.

Citing the farm, investment and intellectual property issues, Mrs. Hills said that "it is not now a question of if there should be agreements, but rather how extensive such agreements should be."

She said that the GATT talks, to conclude next December, were important "but I have made it clear to my counterparts that I would rather walk away from the table than bring home a package that is not in America's best interests."

Mrs. Hills also said that when she decides in the next few months on special trade actions under the 1988 Omnibus Trade Act she would use those tools "to further our goals of opening markets," but said it would be premature to comment further on any new actions.

## Argentina's Austral Plunges As President Seeks Support

BUENOS AIRES — Argentina's austral plunged Wednesday against the dollar as the Peronist government sought support for its plans to reform the economy and pull the country out of a deep recession.

The austral, in heavy trading, had fallen past 3,000 to the dollar at midday after opening at 2,750, an 8.3 percent drop. For this week, the austral has lost 31.2 percent of its value against the dollar.

Dealers said investors were worried that January inflation would be higher than the 60 percent estimated, with some reports putting it closer to 80 percent. It was 40.1 percent in December, 6.5 percent in November. President Carlos Menem — who is striving to recruit labor unions and businesses to his campaign to control public spending and pull Argentina out of the recession it fell in after two bouts of

## Tracking Global Banking Market's Private Users

By Carl Gewirtz  
International Herald Tribune

PARIS — Private use of the international banking market — a mixture of legitimate multinational business activities, less-legitimate tax evasion and illicit money laundering — is an arcane business that a study published Wednesday seeks to clarify.

The report, by the Bank for International Settlements in Basel, does not focus on why nonbanks choose to use the market. A task force set up at last July's summit of the Group of Seven industrialized countries is studying how drug dealers use the market to camouflage illegal sources of income.

Rather, the BIS report attempts to shed some light on:

• The origin of the deposits — largely U.S. residents with an expanding participation from West German, Dutch and British entities.

• The location of receiving banks — mostly London, which claims a 31 percent market share, but also in offshore centers, not all of them highly regulated, including the Bahamas, Bahrain, the Cayman Islands, the Netherlands Antilles and Singapore, which together account for 22 percent of deposits.

• The nationality of the banks — Americans account for a (declining) 21 percent of the business; West German and Japanese banks, each with a 12 percent market share, are rapidly expanding.

The study also highlights the fact that much of this money, which at least amounted to \$1.03 trillion, escapes inclusion in the various national measures of money supply. Although the dollar is by far the most popular currency, accounting for 54 percent of deposits, an increasing amount is in Deutsche marks, sterling and yen.

The report gives no estimation

on how this exclusion might distort attempts to control inflation by central banks, which target the annual growth in their domestic money supply. It notes only that shifts in deposits between being held abroad or at home can at times be "an important determinant of the pace of domestic monetary growth."

This raises "important questions about the definition of the domestic

bank deposits last September represented 41 percent of net international bank lending, which totaled \$2.5 trillion. That percentage has been relatively stable since 1983. The bulk of it, 84 percent, is cross-border deposits in any currency. The balance consists of local deposits in foreign currencies.

These deposits "may have far-reaching implications for the growth and stability of the interna-

and Japanese banks with 12 percent each, British banks with 10 percent and Canadian banks with 5 percent.

The share of West German banks more than quadrupled from the 1983 level, due to the buildup by West German residents of mark deposits with affiliates of West German banks in Luxembourg.

In the same period, the share of Japanese banks more than trebled, reflecting that nation's growing trade surplus and the increasing foreign-currency deposits Japanese entities made with domestic banks.

The black hole in the data, for which relatively little information is available, is the so-called offshore areas: the Bahamas, Bahrain, the Cayman Islands, Hong Kong, the Netherlands Antilles and Singapore. The BIS has only partial data on activity in Panama and no data on nonbank deposits in Hong Kong.

The geographic origin of deposits in these offshore centers "is unknown," the report states. Why depositors opt to place their money with banks in many of these locations is a subject of considerable debate.

U.S. residents accounted for 37 percent of the identified nonbank deposits. This is down from 54 percent in 1983, due to financial innovation and deregulation, which has reduced the comparative advantage of Eurodollar deposits.

West Germans account for 11 percent of the nonbank deposits, while Dutch and British entities each account for 6 percent.

Nearly 6 percent of the deposits come from entities in the nonoil developing countries of Latin America. The non-OPEC countries overall account for 9 percent of deposits, followed by 7 percent from members of the Organization of Petroleum Exporting Countries.

## Nonbank deposits may have far-reaching implications for the growth and stability of the international market.

national banking market." The report says that the "distribution between groups of banks will influence the pattern of interbank operations and the competitive positions of individual groups of banks."

In terms of currencies, the dollar's 54 percent share of the deposits is down from 63 percent in 1978. The Deutsche mark is a distant second, at 14 percent, followed by 9 percent for sterling and 4 percent for yen.

The report notes "a build-up of Euro-DM deposits by German nonbank entities" last year. Imposition of a withholding tax on interest income, subsequently withdrawn by the government, led to a substantial outflow of capital last year as West Germans moved their investments to the tax-free haven of Luxembourg.

The report notes that banks in the Benelux countries increased their market share of nonbank deposits to 16 percent last year, from about 8 percent in 1983.

Although London is the largest center for nonbank deposits, U.S. banks get most of the business, at 21 percent, followed by West German

banks, at 12 percent.

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banks, at 12 percent.

## MARK: German Currency Idea Seen as Reunification Key, but Will It Fit?

(Continued from page 1)

Berlin is roughly six East German marks for one Deutsche mark — would wipe out a generation of East German bank savings and impoverish those dependent on social payments.

Neither extreme will appeal to politicians, who, in East Germany, face their first open elections on March 18, and, in West Germany, will face off at the end of the year.

As a result, economists say that some formula will have to be found that will offer a range of conversion rates.

Salaries and rents, for example, may be adjusted to rates of three or four East German marks to one Deutsche mark, while bank savings might be converted at least partially at a much more punishing rate for the account holders.

"It is important how they go about cutting back this overhang of savings and they might do this by allowing direct conversion of only a portion with the rest going into government bonds or payments for property," said Mr. Brown of Mitsubishi.

The best rate would probably be offered to pensioners and others dependent on fixed incomes, who are the most vulnerable in any currency adjustment. Some economists say the rate could be one to one, or possibly even better, since fixed-income households will probably have to contend with subsidy cuts of various kinds as the economy is liberalized.

Analysts agree that the most immediate risk of extending the Deutsche mark to East Germany would be inflation, triggered as newly solvent East Germans sharply in-

crease spending on West German goods.

The recent tailspin in West German bond markets is an early warning signal of fears that the Bundesbank will have to raise interest rates further from levels that are already relatively high.

But even more worrisome is the concern that a currency is just the cloak of an economy, and a simple change in a currency cannot automatically transform the economy.

"It is not with monetary measures alone that we can resolve East Germany's problems," said Bundesbank President Karl Otto Pöhl on Tuesday.

"An entire series of changes have to be made to reform the broader economy," said Ulrich Hombröcher, senior economist at Westdeutsche Landesbank Girozentrale in Düsseldorf, noting that as much of the legal system as well as

a wide range of state subsidies would have to be altered.

The Bundesbank has steadily argued that the East German economy must change on many fronts in order to lift the inherent value of the East German mark toward eventual convertibility with the Deutsche mark.

By taking the shortcut of cloaking a weak economy with a strong currency, someone, in some way, will have to pay for the gaping difference in productivity between the East and West German economies, analysts say.

"What will probably happen is that the West German taxpayer will end up footing the bill in some way through stabilization loans, special bonds, one-time taxes or a delay of further corporate tax reforms," said Richard Reid, chief European economist for UBS-Phillips & Drew in London.

## LATIN AMERICA

### HOW NEW ADMINISTRATIONS WILL MEET THE CHALLENGES

London, February 22 - 23, 1990

A major conference co-sponsored by the International Herald Tribune and the Inter-American Development Bank.

**FEBRUARY 22**  
LATIN AMERICA: NEW APPROACHES FOR THE 1990s  
Enrique V. Iglesias, President, Inter-American Development Bank

**NEW IDEAS FOR PROGRESS FROM DEBT TO RENEWED GROWTH**  
Pedro Aspe, Finance Minister, Mexico  
Eduardo Quintero, Minister of State, Venezuela  
Diego Cordovez, Foreign Minister, Ecuador

**DEBT AND NEW MONEY: HAVE THE COMMERCIAL BANKS AN APPETITE FOR LOOKING BEYOND THEIR MENUS?**  
Anthony D. Loehnis, Vice Chairman, S.G. Warburg & Co. Ltd., London  
William Rhodes, Group Executive and Chairman of the Restructuring Committee, Citibank N.A., New York

**SUSTAINABLE DEVELOPMENT: PROMOTING INTERNATIONAL COOPERATION ON THE ENVIRONMENT**  
The Rt. Hon. Christopher Patten M.P., Secretary of State for the Environment, U.K.

**THE URUGUAY ROUND: A BETTER DEAL FOR DEVELOPING COUNTRIES' PRODUCTS**  
Arthur Dunkel, Director General, General Agreement on Tariffs and Trade, Geneva

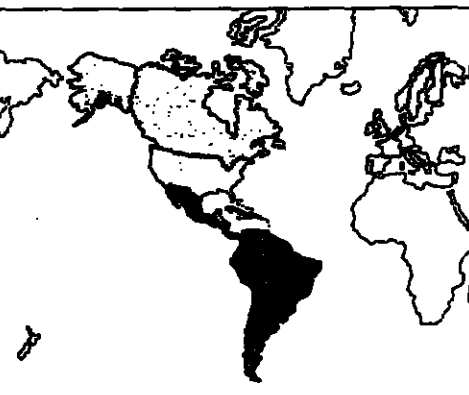
**ADJUSTMENT MEASURES: ACHIEVING THE RIGHT BALANCE**  
Senior Argentinian Official

**GIVING RENEWED DEVELOPMENT PRIORITY OVER DEBT**  
Prof. Richard Portes, Director, Centre for Economic Policy Research, London  
Louis Emmerij, President, OECD Development Centre, Paris

**CONFERENCE INFORMATION**  
The fee for the conference is \$595.00 plus 15% VAT. This includes lunches, cocktails at the end of the conference and all conference documentation. Fees must be paid in advance of the conference and will be returned (less £50 administration charge) for any cancellation received in writing on or before February 12. Those cancelling after February 12 will be charged the full fee. Substitutions may be made at any time.

**CONFERENCE LOCATION**  
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Single £124.00 + VAT Double £139.00 + VAT  
Please contact Melanie Banks at the hotel to make your room reservation.



**FEBRUARY 23**  
RELATIONS WITH LATIN AMERICA: CHALLENGE AND CHANGE  
The Rt. Hon. Tim Sainsbury M.P., Parliamentary Under Secretary of State for Foreign and Commonwealth Affairs, U.K.

**WILL DONOR COUNTRIES BACK LATIN AMERICAN DEVELOPMENT IN THE 1990s?**  
Toyoo Gyohten, Special Advisor to the Minister of Finance, Japan  
Jacques Attali, Special Counsellor to the President, France

**THE INTER-AMERICAN INVESTMENT CORPORATION: A NEW PARTNER FOR BUSINESS IN LATIN AMERICA**  
Günther Müller, General Manager, Inter-American Investment Corporation

**SMALL BUSINESSES IN LATIN AMERICA: BRINGING THE MARGINS INTO THE MAINSTREAM**  
Hernando de Soto, President, Institute for Liberty and Democracy, Peru

**ADJUSTMENT MEASURES: TURNING ROUND A LATIN AMERICAN ECONOMY**  
Enrique García Rodríguez, Minister of Planning, Bolivia  
Ricardo Zerbin, Minister of Economy and Finance, Uruguay

**HOW GOOD ECOLOGY CAN BE GOOD BUSINESS**  
Alvaro Umans, Minister of Natural Resources, Energy and Mines, Costa Rica

**POINTERS FOR THE FUTURE: SUMMING UP OF CONFERENCE THEMES AND DISCUSSIONS**  
Enrique V. Iglesias, President, Inter-American Development Bank

\* Invited / Subject to confirmation  
In order to provide delegates with an up-to-the-minute outlook for the region, a modified, final program will incorporate a number of additional speakers. Conference sponsors reserve the right to amend program at any time.

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To register for the conference, please fill out the form below and fax it to Jane Blackmore in London on (441) 836 07 17, International Herald Tribune, 63 Long Acre, London WC2E 9JH. Telephone: (441) 379 4302. Telex: 262009.

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## NYSE

Wednesday's Closing  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

12 Month	High	Low	Stock	Div	Yld	PE	High	Low	1/8% Pk	Chg
100	100	100	IBM	3.20	5.6	15.9	100	100	100	0
100	100	100	AT&T	2.70	5.4	18.5	100	100	100	0
100	100	100	GE	1.20	5.2	19.2	100	100	100	0
100	100	100	Exxon	1.50	5.1	19.6	100	100	100	0
100	100	100	Merck	2.10	5.0	20.0	100	100	100	0
100	100	100	Johnson & Johnson	2.40	4.9	20.4	100	100	100	0
100	100	100	Pfizer	1.80	4.8	20.8	100	100	100	0
100	100	100	Amgen	1.60	4.7	21.3	100	100	100	0
100	100	100	Novartis	1.40	4.6	21.7	100	100	100	0
100	100	100	Schering	1.20	4.5	22.2	100	100	100	0
100	100	100	Roche	1.00	4.4	22.7	100	100	100	0
100	100	100	Sandoz	0.80	4.3	23.2	100	100	100	0
100	100	100	Novartis	0.60	4.2	23.7	100	100	100	0
100	100	100	Sandoz	0.40	4.1	24.2	100	100	100	0
100	100	100	Novartis	0.20	4.0	24.7	100	100	100	0
100	100	100	Sandoz	0.10	3.9	25.2	100	100	100	0

12 Month	High	Low	Stock	Div	Yld	PE	High	Low	1/8% Pk	Chg
100	100	100	AT&T	2.70	5.4	18.5	100	100	100	0
100	100	100	IBM	3.20	5.6	15.9	100	100	100	0
100	100	100	GE	1.20	5.2	19.2	100	100	100	0
100	100	100	Exxon	1.50	5.1	19.6	100	100	100	0
100	100	100	Merck	2.10	5.0	20.0	100	100	100	0
100	100	100	Johnson & Johnson	2.40	4.9	20.4	100	100	100	0
100	100	100	Pfizer	1.80	4.8	20.8	100	100	100	0
100	100	100	Amgen	1.60	4.7	21.3	100	100	100	0
100	100	100	Novartis	1.40	4.6	21.7	100	100	100	0
100	100	100	Schering	1.20	4.5	22.2	100	100	100	0
100	100	100	Roche	1.00	4.4	22.7	100	100	100	0
100	100	100	Sandoz	0.80	4.3	23.2	100	100	100	0
100	100	100	Novartis	0.60	4.2	23.7	100	100	100	0
100	100	100	Sandoz	0.40	4.1	24.2	100	100	100	0
100	100	100	Novartis	0.20	4.0	24.7	100	100	100	0
100	100	100	Sandoz	0.10	3.9	25.2	100	100	100	0

12 Month	High	Low	Stock	Div	Yld	PE	High	Low	1/8% Pk	Chg
20	24	20	Walmart	1.00	4.2	23	24	20	20	0
20	24	20	Wal-Mart	1.00	4.2	23	24	20	20	0
20	24	20	Wal-Mart	1.00	4.2	23	24	20	20	0
20	24	20	Wal-Mart	1.00	4.2	23	24	20	20	0
20	24	20	Wal-Mart	1.00	4.2	23	24	20	20	0
20	24	20	Wal-Mart	1.00	4.2	23	24	20	20	0
20	24	20	Wal-Mart	1.00	4.2	23	24	20	20	0
20	24	20	Wal-Mart	1.00	4.2	23	24	20	20	0
20	24	20	Wal-Mart	1.00	4.2	23	24	20	20	0
20	24	20	Wal-Mart	1.00	4.2	23	24	20	20	0
20	24	20	Wal-Mart	1.00	4.2	23	24	20	20	0
20	24	20	Wal-Mart	1.00	4.2	23	24	20	20	0
20	24	20	Wal-Mart	1.00	4.2	23	24	20	20	0
20	24	20	Wal-Mart	1.00	4.2	23	24	20	20	0
20	24	20	Wal-Mart	1.00	4.2	23	24	20	20	0
20	24	20	Wal-Mart	1.00	4.2	23	24	20	20	0
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20	24	20	Wal-Mart	1.00	4.2	23	24	20	20	0
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20	24	2								







## Bougainville Copper Mine To Evacuate Last Workers

Agence France-Press

MELBOURNE — Bougainville Copper Ltd. said Wednesday it was evacuating or laying off the last 800 employees at its Panguna copper mine on Papua New Guinea's island of Bougainville because of increasing guerrilla attacks.

BCL said it would maintain a small maintenance group elsewhere in Papua New Guinea "to facilitate the resumption of operations as soon as it is safe to do so."

The giant open-pit mine, which supplies the Papua New Guinea government's biggest source of revenue at about 17 percent, was closed last May after attacks by secessionist landowners.

The guerrillas, who also demand \$10 billion in compensation for environmental damage caused by the mine, have been fighting the government since November 1988.

BCL said it decided to pull out its last employees following the killing of an Australian worker for a subcontractor and the shootings of three employees near Panguna.

The Australian, British and New Zealand governments have urged their citizens to leave the island, and Canberra has said it is prepared to evacuate foreigners by military aircraft if no other means are available.

## Asia's East European Rivals

HONG KONG — Booming Southeast Asian countries could become locked in intense competition for capital with resurgent East European economies, according to share analysts in Asia.

Ralph Pal, director of forecasting services at Business International Asia-Pacific in Hong Kong, sees a diversion of institutional funds away from the area toward Eastern Europe after roughly two years. "It will mean a slowdown," he said.

Other analysts also believe that once economic reforms are in place, the East European countries' location in the center of Europe, and their emotional appeal, could prove more attractive to international investors than Southeast Asia.

"I think there will be a favoritism by the industrialized nations toward Eastern Europe," said John Mulcahy, research director at the Peregrine brokerage in Hong Kong. "That benign attitude toward these economies is already in place. Once Eastern Europe is competing, this region will be in trouble."

But Mr. Mulcahy added that Southeast Asia should initially benefit from an economic recovery in Eastern Europe. "The mature economies of Western Europe are no longer able to manufacture the sort of products which will be required by Eastern Europe," he said.

"I don't think that investment in Eastern Europe will be immediately at the expense of Southeast Asia," he explained, "because until Eastern Europe builds capital to service its own markets, there will probably be an upswing of demand for products produced in this region."

Some analysts said there is already evidence that international capital flows are changing in response to economic opportunities emerging in Eastern Europe.

Steve Negourney, international equity analyst at Shearson Loebman Rosten in New York, said some U.S. institutional money is already being diverted from Asia into Europe-oriented mutual funds.

"Although Eastern Europe is in disarray at the moment, what is becoming clear in some people's minds is that the process that is taking place is irreversible," he said.

Other analysts believe a diversion of funds away from Southeast Asia could in fact help the region by giving its overheated financial markets time to consolidate.

"I believe the regional markets would just be taking a pause," said William Vital, analyst with First Pacific Securities in Manila. "I don't believe the long-term potential could be dashed by just a year of much-needed adjustment."

Some believe the advent of Eastern Europe as a force in the international economy will actually improve the investment climate in Southeast Asia.

"Competition is good. That should make us realize that if we don't move, we will lose out to the others," said Harry Liu, executive vice-president at Dao Hong Securities in Manila.

## Hong Kong Offers Interest Futures

Agence France-Press

HONG KONG — The Hong Kong Futures Exchange on Wednesday launched a new product, chief executive Douglas Ford said, in a bid to restore confidence and push trading back to the record levels of 1987.

The exchange has been heavily in the red since the October 1987 stock market collapse, which left it with a debt of some 1.8 billion Hong Kong dollars (about \$230 million).

The 91-day Hong Kong interbank offered rate, or HIBOR, contract is the first new product the exchange has offered since May 1986. It is aimed at investors with large exposure to Hong Kong dollars, who want to hedge.

Four futures contracts are currently traded: sugar, soybeans, gold and the Hang Seng Index.

## Thai Stocks Battered By Broker Suspension And Political Jitters

Reuters

BANGKOK — Thai stocks plunged across the board Wednesday on political jitters caused by speculation that Prime Minister Chatichai Choonhavan may soon call elections.

The political uncertainty follows an investigation and suspension of the subbroker Chao Thai Securities Ltd., which has slashed the volume of trading in Bangkok. Thai stock exchange authorities said Wednesday that Chao Thai, which normally handled up to one third of the market's turnover, would be permitted to resume trading Feb. 12, while the investigation of alleged price manipulation continues.

"Negative news is coming from all sides," an analyst at a British brokerage house said. "We hope the government will quickly clear the political air by deciding whether it plans to call elections. What we fear is protracted uncertainty that will give the military a chance to intervene in politics."

The official SET index fell 37.73 points, or 4.7 percent, to 760.39 Wednesday. The decline was the biggest since "Gray Monday" last October, when the indicator plunged 44.15 points.

The composite index has dropped an aggregate 102.03 points, or 11.8 percent, during the past six sessions.

Brokers said they were concerned by mounting political and labor problems, which have included a four-day Bangkok port strike and threats of walkouts by workers at electricity, tobacco and other major state enterprises.

Opposition politicians have said that they would try to present a no-confidence motion against the ruling six-party coalition, probably before parliament reopens in May.

Political analysts said the political uncertainty was reinforced by Mr. Chatichai's decision on Tuesday to appoint a new permanent secretary at the Interior Ministry, which supervises general elections.

The suspension of Chao Thai has helped slow activity at the bourse. Daily turnover averaged 1.0 billion to 1.5 billion baht (\$39 million to \$60 million) this week, compared with 3.5 billion to 4.0 billion in early January.

## Manila Tells Banks: Lend Or Face Ire

Reuters

MANILA — The Philippines warned foreign banks on Wednesday that to refuse to lend more money to the heavily indebted country could affect their future business dealings with Manila.

"The Philippines cannot be taken for granted and those who are going to support us will be treated very favorably," said Finance Secretary Jesus Estanislao.

But for those who are not supportive, "their long-term business relationship with the Philippines would be taken in the light of their behavior," he told reporters. He did not say what action the government might take.

The Philippines, rocked by a coup attempt in December, has been disappointed by the response to its request for new loans from foreign commercial banks, many of which opted for a debt buy-back scheme instead.

The Philippines, which has rescheduled official and commercial loans, has international debts of \$26.7 billion.

It is scheduled to sign an agreement with commercial creditors in Tokyo for a new loan, to be backed by 15-year bonds issued in Luxembourg, on Feb. 16.

Investor's Asia				
Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225		
2800	1600	32000		
2600	1500	30000		
2400	1400	28000		
2200	1300	26000		
2000	1200	24000		
1800	1100	22000		
1600	1000	20000		
1400	900	18000		
1200	800	16000		
1000	700	14000		
800	600	12000		
600	500	10000		
400	400	8000		
200	300	6000		
100	200	4000		
0	100	2000		
1989	1989	1989		
Exchange	Index	Wednesday Close	Thursday Close	% Change
Hong Kong	Hang Seng	2844.89	2792.89	+1.86
Singapore	Straits Times	1577.51	1582.70	-0.34
Sydney	All Ordinaries	1645.90	1668.90	-1.38
Tokyo	Nikkei 225	37301.87	37668.83	-0.97
Kuala Lumpur	Composite	611.97	610.95	+0.17
Bangkok	Book Club	662.16	694.74	-4.69
Seoul	Composite Stock	880.39	886.86	-0.73
Taipei	Weighted Price	12289.36	12289.36	0.00
Manila	Composite	1038.91	1032.38	+0.63
New Zealand	Bardays	1936.68	1967.65	-1.57
Bombay	National Index	376.02	375.35	+0.18

Sources: Datastream, Reuters, AFP International Herald Tribune

## Downgrades of Japan Banks Seen Reflecting U.S. Fears

Reuters

TOKYO — The decision by Moody's Investors Service Inc. to downgrade debt ratings of three Japanese trust banks because of their heavy exposure to the real estate market may reflect worries more relevant to American than Japanese banks, analysts say.

"It seems to be based on a very strong view about the real estate market, probably in reaction to people being taken by surprise by what happened to U.S. banks with real estate," said Roger Gough, an analyst at Baring Securities (Japan).

"In the kind of climate seen in the U.S., worries about banks and real estate become more relevant," Mr. Gough said.

Moody's said on Tuesday it lowered the senior debt and long-term deposit ratings of Mitsubishi Trust & Banking Corp., Sanwa Trust & Banking Co. and Sumitomo Trust & Banking Co.

Moody's said the actions reflected the banks' direct and indirect exposure to the Japanese real estate market, where high prices have begun accelerating again. At the same time, interest rates have climbed.

Analysts agreed that Japanese banks in general and trust banks in particular have heavy exposure to the property market.

The field, damaged in the eight-year Iran-Iraq war that ended in August 1988, now is said to be producing well under 100,000 barrels a day, a Nippon Steel official said.

The official declined to disclose the estimated cost for the repairs. Nihon Keizai Shimbun, a Japanese economic newspaper, said the repairs would cost \$300 million.

The paper also said that McDermott International Inc. would assist on the project. The Nippon Steel official said that the Japanese companies had not decided whether they would ask the U.S. concern to participate.

## Taiwan's Businessmen Lead the China Charge

Compiled by Our Staff From Dispatches

TAIPEI — Taiwan businessmen are outpacing their government in developing ties with China, as local entrepreneurs rush to invest on the mainland despite Taipei's ban on direct economic links.

The vice economics minister, Wang Chien-chuan, said Wednesday that Taiwan businessmen might have funded up to \$1 billion in investment projects in China over the years.

Since Wang Yung-ching, founder of the private industrial conglomerate Formosa Plastics, admitted last month that he was studying investment opportunities in China, government officials have panicked, local newspapers have covered little else and consultants are busier than ever.

"Everybody's going now," said Chiu Chang, a lawyer specializing in helping Taiwan companies set up in China. "They're all saying 'Help us, take us, we don't want to be late.'"

Taiwan's Nationalist rulers still say direct economic ties between the two sides are punishable. But lawyers and consultants say an increasing number of Taiwan companies are simply defying the law and investing directly to get favorable treatment from China.

"Most are bending the rules," said Mr. Chiu. "As long as it doesn't go public, as long as they don't hear about it, the government doesn't really care."

Indirect trade and investment, in which Taiwan businessmen funnel money and goods through third countries, has flourished over the past few years as tension between the two governments has eased. Taiwan-China trade last year was about \$3.7 billion, up from \$2.7 billion in 1988.

## HK Bank Is Pressed for Disclosure

Reuters

HONG KONG — Hongkong & Shanghai Banking Corp. is under pressure at home and abroad to reveal the extent of its inner reserves, which have been kept secret under the colony's banking laws.

At issue are some that analysts say could run anywhere between 10 billion and 45 billion Hong Kong dollars (\$1.3 billion to \$5.8 billion).

Philip Chan, research manager at Mansion House Securities, mentioned that estimates were "in the low 20s."

Under Hong Kong law, banks are allowed to maintain secret inner reserves to help them ride out the ups and downs of economic cycles. They can use the reserves to demonstrate consistent earnings growth, understating profits for good years and drawing on the funds to enhance their performance in bad years.

Analysts estimate Hongkong Bank's net asset value would rise at least 11 dollars a share if inner reserves were disclosed. The last booked net asset value, in June 1989, was 6.52 dollars a share.

The shares closed at 7.45 dollars on Tuesday.

The bank has said it is not opposed to making the reserves public, and last December the chairman, William Purves, said it was unlikely the bank would resist the DFC's Quintex Exposure Is Set at \$76.7 Million.

WELLINGTON — The failed investment bank DFC New Zealand Ltd. has a 100 million Australian dollar (\$76.7 million) exposure to Quintex Australia Ltd., but has none to any other Australian firms, a statutory manager said Wednesday.

The managers of DFC said the loan provision was 700 million New Zealand dollars (\$420.7 million) at Nov. 30, 1989, out of total loans of 2,04 billion dollars. They also said restructuring through creditor management was the best option.

DFC was placed in statutory management, a form of receivership, last October.

## AMEX

Wednesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect intraday trading. Via The Associated Press

15 Most Active Stocks

Div. Yld. PE 52-Week High Low A.P.A. Chg.

1. IBM 120 2.2 12 120 115 115 115 +1

2. Microsoft 100 1.5 12 100 95 95 95 +5

3. Apple 100 1.5 12 100 95 95 95 +5

4. Intel 100 1.5 12 100 95 95 95 +5

5. Sun 100 1.5 12 100 95 95 95 +5

6. Oracle 100 1.5 12 100 95 95 95 +5

7. Lotus 100 1.5 12 100 95 95 95 +5

8. Novell 100 1.5 12 100 95 95 95 +5

9. Wang 100 1.5 12 100 95 95 95 +5

10. DEC 100 1.5 12 100 95 95 95 +5

11. HP 100 1.5 12 100 95 95 95 +5

12. Compaq 100 1.5 12 100 95 95 95 +5

13. Digital 100 1.5 12 100 95 95 95 +5

14. PerkinElmer 100 1.5 12 100 95 95 95 +5

15. Amersham Pharmacia 100 1.5 12 100 95 95 95 +5

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## SPORTS

## Baseball Negotiations Recess in Deadlock

Compiled by Our Staff From Dispatches

**NEW YORK** — Negotiations between baseball owners and players recessed Wednesday for five days with virtually no progress, placing the start of spring training in jeopardy.

The owners now head to a private meeting in Chicago on Friday that will determine whether camps open.

Donald Fehr, the executive director of the Major League Players Association, said the sides talked for "a couple of hours" Wednesday and made progress on non-economic issues. The key points — revenue sharing and pay-for-performance — remain, and Fehr said he expects the owners to call for a lockout.

"It's fair to say players have been resigned to the notion that they're going to shut the camps because that's what they said they're going to do," Fehr said. "If they do shut the camps down, it won't have a positive effect on anything."

Fehr, who will meet with players in Los Angeles and Phoenix on Thursday and Friday for updates, said the revenue-sharing plan was a disguised attempt by owners to injure free agency.

The owners already have informed clubs not to proceed with spring training pending a sign of progress.

Spring training camps are scheduled to open Feb. 16, but the union

has advised players against attending without a collective bargaining agreement.

Baseball would thus be in danger of suffering its third stoppage in the last 10 years. Players were on strike for 50 days in 1981 and for one day in 1985.

The owners seek "cost certainty" — a system for controlling player salaries. Charles O'Connor, the chief negotiator representing the owners, says such a system is essential to the "long-term" interest of the game.

O'Connor said management would not agree to a new contract without acceptance of revenue sharing. "As far as I know, nothing has changed," O'Connor said.

Asked if he saw any scenario in which owners might allow camps to open without an agreement, O'Connor said, "I do not, No."

Fehr says the industry is healthy and he sees no reason for a radical restructuring. He says the owners have failed to address such issues as collusion, roster size, benefits and arbitration.

On Tuesday, Fehr also said most employers, unlike the baseball club owners, must be dragged "kicking and screaming" to a lockout.

O'Connor replied: "We have no more interest in having a lockout for lockout's sake than I assume the



Union negotiator, Don Fehr, far left, faces off with the owners' counsel, Chuck O'Connor, far right.

union would have for having a strike for a strike's sake.

"You can't play baseball between October and January,"

O'Connor said. "There is a 1990 season and you take the steps that you think in your judgment are best designed to preserve that season."

Talks could resume as early as Monday, but a specific date has not been determined.

(UPI, AP)

## North, South Korea Abandon Talks on Joint Team at Games

Compiled by Our Staff From Dispatches

**PANMUNJOM, Korea** — Year-long talks between North Korea and South Korea on a joint team for the Asian Games this year in Beijing ended in failure on Wednesday after delegates shouted insults and traded bitter accusations of bad faith.

At the end of the two-hour session at the border village of Panmunjom, the South said it would send its own separate team to the Beijing Games.

The chief delegate from South Korea, Chang Chung-shik, told reporters he had given up hope of sending the two Koreas first joint team to an international sports event.

"The talks broke down today," Chang said. "Therefore, our side will intensify training of our athletes for the Asian Games."

He accused the North of using the talks for political purposes and trying to prevent the South from being present in Beijing. South Korea has no diplomatic relations with China, which sent troops by the 1950-53 Korean War.

"Judging from various records in recent international competition, our nation has a four-to-one advantage in sports power over the North," Chang said.

South Korea said it hoped to

use the Asian Games as a vehicle to improve relations with China, which now only recognizes the Pyongyang government in North Korea.

The Koreans came close last December to a full agreement on fielding a single team but mutual distrust prevented further progress.

During the meeting Wednesday, the ninth in the series which began last March, neither side was able to narrow the gap.

As long-standing hostility spilled over, the session degenerated into shouted insults and accusations of insincerity.

The North demanded that the South immediately sign an accord for formation of a single team. But the South insisted that the mechanics of the accord must be set out in detail along with safeguards to guarantee its implementation.

Seoul officials had been worried that North Korea would raise difficult technical issues at the last minute, leaving the South without time to make a separate entry by the June 22 entry deadline for the Beijing Games.

The Games are scheduled to run from Sept. 22 to Oct. 2.

At a news conference, the chief delegate from North Korea, Kim Hyong-jin, blamed Seoul for the breakdown.

"The southern delegates came here today to break the talks," Kim said. "They had no intention to form the unified team and brought up issues unrelated to the talks."

Kim had demanded that the two sides jointly declare that they will never send separate teams to Beijing; Seoul withdrew its demand for the two sides to exchange a memorandum guaranteeing that both will separately participate in the Asian Games if the joint team does not work out at the last minute, and Seoul withdrew its remarks that South Korea would do better in Beijing if it participated separately.

The two sides previously had agreed on a single team name and flag, a joint committee and the selection and training of athletes.

Previous attempts to form a single Korean sports team failed because of the lack of trust between the two Koreas, technically at war since the end of the Korean conflict.

The North barred South Korea from competing in international table tennis championships in Pyongyang in 1979 after an attempt to form a single team failed.

The two sides also failed to form a single team for the 1984 Olympics in Los Angeles.

(Reuters, AP, AFP)

## Baseball League for Old Pros Hobbles Through Its First Year

By William Gildea

Washington Post Service

First the news: "There will be a second season," Jim Morley, the founder of the Senior Professional Baseball Association, said of the eight-team league based in Florida. But judging from attendance, many did not know the league had first season. Average attendance was only 921. Most teams, Morley said, lost "between \$500,000 and \$1 million." One owner disappeared and still has not been found.

However, Morley is going on a gut feeling that life in the golden-age league will improve. He's even talking of expanding into Arizona. The SPBA has a three-year cable television contract and more players than it can use. As Graig Nettles said, "If I can stay in baseball, I may never have to grow up."

The league has proved to be a conversation piece. Dick Williams was once again managing a front-running team, George Foster again was hitting tape-measure home runs, Pete Broberg was on the mound and winning more games than he had for the Washington Senators. So what if some people thought the Orlando Juice was a drink?

But Morley's dream may not be

shared by enough others. To lure fans, he said, the league will emphasize marketing and advertising during the off-season. A businessman, Morley says there is now plenty of time to promote the 72-game league; a baseball lover, he can hardly wait to start again — only 8½ months to last training.

Nobody objected when Morley, who owns the St. Petersburg Pelicans, activated himself a couple of times during the regular season, which just ended.

Morley, 33, was eligible to play in the league for 35-year-olds and up because catchers and designated hitters can be 32. He caught an inning in December and popped to shortstop in his only turn at bat. But in January he hit his stride in Winter Haven, batting three-for-five in one game — and quickly retired again.

In Orlando, the Juice could not draw fans — and even its owner disappeared.

Philip Breen, the Juice's owner and president of the Group One Mortgage Corp. of Southfield, Michigan, was reported missing by his wife on Jan. 9. Group One has filed suit against Breen, charging he may have taken as much as \$10 million from the company through

dummy corporations. The FBI reportedly is investigating the case and looking for Breen.

Breen took off before meeting the last two Juice payrolls. The team used money from a \$100,000 letter of credit each team had to put up before the season. According to a league spokesman, Peter Lasser, league funds are being used to cover the last payroll. The league plans to sell the franchise and reimburse itself for the salaries it had to pay.

The Juice cornered one of the league's biggest markets to no avail. It faced withering competition from the National Basketball Association's Magic. Just about every promotion imaginable failed: last night, seniors day, ladies night, discount tickets. Only 245 fans showed up for the league's first doubleheader. (The Juice beat the Winter Haven Super Sox twice, including a 12-inning first game; afterward, Dyer Miller, the Juice manager, told reporters: "That was a long day, but everybody's still standing.")

On a Monday night for Bradenton, the Juice sank to an attendance of 182. The biggest attraction proved to be "Frank Viola Night," which drew 1,500.

Earl Weaver never could get his Gold Coast Suns up to 500 after a dreadful start and, according to Lasser, was "looking pretty tired" by the end of the season. Now the former Baltimore manager is scheduled to keep some fantasy camp commitments he made before the baseball season. "He figured to be goled out by now,"

Lasser said, "instead of being baseball out."

One of Weaver's disappointments was cigar-smoking. Luis Tiant, who failed to round into shape with the Suns, Tiant, who will turn 50 this year, was released and found work with the woeful St.

Lasser said, "I'm not sure if he's still in the game."

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## NFL's Coaching Shuffle Gives Assistants a Boost



Bruce Coslet: Jets-setter.



Joe Bugel: Cardinals' answer.

Perles, a former assistant with the Pittsburgh Steelers teams that won four Super Bowls in the 1970s, accepted the job only to turn it down when Michigan State offered him the additional post of athletic director.

And Holmgren passed in favor of staying with the two-time defending NFL champions.

"It doesn't bother me at all," Coslet said. "I'm the one they hired."

He was brought in to salvage a team that lost 12 of 16 games, the last a 37-0 thrashing against Buffalo in half-empty Giants Stadium.

"We looked for a strong motivator, a teacher and a disciplinarian," the Jets general manager, Dick Steinberg, said. "We wanted a guy who can get the most



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